WILLIAM J. CASEY

27 March 1985

Dear Leonard,

The enclosed release concerning my blind trust was issued today. This letter is your authorization to take the necessary steps.

Sincerely,

William J. Casey

Leonard L. Silverstein, Esquire
Silverstein and Mullens
1776 K Street, N. W.
Washington, D. C. 20006

27 March 1985

On July 25, 1983, Mr. Casey instructed his attorney to work with the Office of Government Ethics to arrange the transfer of his securities to a "blind" trust. On August 26, 1983, he wrote the Senate Select Committee on Intelligence, "The Office of Government Ethics has advised my attorney informally that my holdings in Capital Cities Communications do not meet the diversification requirements, and I will therefore hold them outside of the trust." A copy of that letter was sent to the Office of Government Ethics. In October, that Office approved the trust. Since then there have been no transactions in Capital Cities stock. It is a matter of indifference to Mr. Casey whether that stock is in the trust or not, and he has again authorized his attorney to have his Capital Cities Communications holdings transferred to the trust if that can be arranged with the Office of Government Ethics.

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ARTICLE APPEARED ON PAGE A-4

WASHINGTON POST
27 March 1985

Casey Omitted Media Stock From Trust

Concern Raised Over Capital Cities Stake

By Howard Kurtz
Washington Post Staff Writer

When CIA Director William J. Casey set up a blind trust under pressure from Congress in 1983, he did not include 34,755 shares he owns in Capital Cities Communications, the media conglomerate that has announced a proposed takeover of ABC.

The disclosure has raised questions about why Casey excluded the stock when he placed his other financial holdings in the trust after his active stock trading was widely criticized.

It also has raised concerns about the prospect of the Central Intelligence Agency director owning stock in a company that soon may control one of the three major television networks.

Casey's holdings in Capital Cities are worth as much as $7.5 million but amount to only about one-quarter of 1 percent of the company's stock, according to a story Sunday in the Long Island newspaper Newsday.

CIA spokesman Patti Volz, asked about a potential conflict of interest, said Casey's holdings "are not significant. His holdings are so small they can't possibly pose any problem."

She would say only that Casey valued the stock at more than $250,000 in his most recent financial disclosure statement.

Casey's attorneys say they were following rules of the Office of Government Ethics in excluding the Capital Cities stock, according to CIA official Kathy Pherson.

She said the rules for such trusts do not allow an official to include a block of stock that amounts to more than 20 percent of his holdings, as Casey's Capital Cities stock did at the time.

A spokesman for the Office of Government Ethics, which oversees federal officials' blind trusts, said he was not sure whether this was an ironclad rule.

But one ethics office lawyer told Newsday that "it wasn't our decision what went into the trust," but that they went along with Casey's "desire to retain control" of the Capital Cities stock on grounds that it posed no conflict with his CIA duties.

Casey was one of the founders and original officers of Capital Cities in 1954 and served as its counsel and a director from 1976 to 1981, when he resigned to join the CIA.

Sen. Carl Levin (D-Mich.), who had criticized Casey's stock dealings, said through a spokesman that he had been assured that all of Casey's holdings had been put into the trust and was surprised to learn otherwise.

Morton H. Halperin, director of the private Center for National Security, said Casey should not own stock outside the blind trust. He said this was particularly true for a media company because Casey might seek to influence decisions on whether controversial stories are broadcast.

"He ought not to be an active stockholder in a company that owns a part of the media and is under government license," Halperin said.

Last November, the CIA asked the Federal Communications Commission to consider sanctions against ABC because of a news report charging that the CIA had conspired to kill a U.S. citizen. The complaint, later dismissed by the FCC, was filed the same day that ABC retracted the charge.

Casey established the trust after criticism of his stock trading in 1982, when he bought at least $1.5 million in securities during a 26-day period while the market was beginning a major advance. Casey said later that he had sold about half his holdings in Capital Cities to finance these investments.

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ASSOCIATED PRESS
27 March 1985

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CASEY'S CAPITAL CITIES STOCK MAY GO IN TRUST
BY WILLIAM M. WELCH

Washington (AP) - CIA Director William J. Casey said Wednesday he is willing to put his stock in a media conglomerate proposing to take over the ABC television network into a blind trust that was established for many of his other holdings in 1983.

In a statement issued by CIA headquarters, Casey said he has instructed his personal attorney, Leonard Silverstein, to work with the Office of Government Ethics to try to make the change.

''It is a matter of indifference to Mr. Casey whether that stock is in the (blind) trust or not,'' CIA spokeswoman Kathy Pherson said.

With Capital Cities planning to purchase ABC, the stock situation has raised questions about the director of central intelligence owning a large stake in one of the major television networks.

Casey's holdings in Capital Cities are worth as much as $7.5 million but amount to only about one quarter of 1 percent of the company's stock, according to the Long Island newspaper Newsday.

Casey withheld the Capital Cities stock from his blind trust in 1983 because Government Ethics Office regulations don't permit such a trust to include a holding amounting to more than 20 percent of his entire portfolio, CIA spokeswoman Patti Volz said.

David H. Martin, director of the Office of Government Ethics, did not return a reporter's telephone calls. His assistant, Peter Andriole, asked if Casey's stock was not eligible for the blind trust, said: ''The office has not made a statement yet.'' He declined to elaborate and referred questions to Martin.

White House spokesman Larry Speakes said he saw no problem with Casey holding the stock outside a blind trust, but declined to say whether he thought the CIA director should put the stock into a blind trust now that ABC is proposing the Capital Cities takeover.

''That's not a judgment that I'm required to make,'' Speakes said. ''It's one for the Office of Government Ethics.''

Casey's last financial disclosure form, filed May 15, 1984, lists holdings in Capital Cities stock by both himself and his wife. It is among several holdings apart from the blind trust Casey established under pressure from Congress in October 1983, following criticism of his stock dealings while heading the Central Intelligence Agency.

Casey said that he had not bought or sold any Capital Cities stock since the blind trust was established to head off potential conflicts of interest.

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BUT THE CAPITAL CITIES HOLDINGS ARE PROMPTING QUESTIONS, AS THE CONGLOMERATE IS PROPOSING A TAKEOVER OF ABC, WHICH HAS BEEN THE TARGET OF A CIA CRITICISM ABOUT ITS REPORTING.

THE CIA FILED A FORMAL COMPLAINT WITH THE FCC LAST NOVEMBER, SAYING ABC VIOLATED THE FAIRNESS DOCTRINE IN A REPORT THAT THE CIA PLOTTED TO KILL A HONOLULU INVESTMENT COUNSELOR WHO HAD REVEALED SPY AGENCY INVOLVEMENT IN HIS COMPANY. IT WAS THE FIRST SUCH COMPLAINT BY A GOVERNMENT AGENCY AGAINST A BROADCASTER.

THE FCC REJECTED IT, AND LAST MONTH THE CIA ASKED THE FCC TO TAKE ANOTHER LOOK. THE AGENCY HAD CHARGED ABC WITH ''INTENTIONAL NEWS DISTORTION'' AND ASKED THAT THE FCC CONSIDER THE MATTER WHEN ABC'S VALUABLE RADIO AND TV LICENSES ARE UP FOR RENEWAL.

MS. VOLZ, ASKED ABOUT THE POTENTIAL FOR A CONFLICT OF INTEREST, SAID: ''THE AMOUNT OF STOCK HE OWNS IS NOT A SIGNIFICANT AMOUNT OF THE TOTAL VALUE OF CAPITAL CITIES. THE DIRECTOR HAS NO CONTROLLING INTEREST OVER CAPITAL CITIES.''

CASEY WAS ONE OF THE FOUNDERS OF CAPITAL CITIES COMMUNICATIONS, WHICH OWNS NEWSPAPERS, RADIO AND TELEVISION STATIONS AND CABLE TV SYSTEMS. HE RESIGNED FROM ITS BOARD OF DIRECTORS IN 1981 TO TAKE THE CIA JOB.

UNITED PRESS INTERNATIONAL
27 March 1985

FILE ONLY - DCI

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WASHINGTON

The CIA provided a complicated explanation Wednesday as to why agency Director William Casey failed to place in a special financial trust his stock in a conglomerate that has proposed to take over the American Broadcasting Co.

Questions about Casey's financial holdings and possible conflicts of interest have dogged him since he became CIA director in 1981.

The latest involve Casey's interest in Capital Cities Communications Inc., a media conglomerate that Casey helped found in 1954. Last week the company proposed a $3.5 billion merger-acquisition of ABC's television and broadcasting assets. ABC accepted but the first sale of a television network still requires government approval.

CIA spokeswoman Kathy Pherson said that when Casey, a self-made millionaire, put his assets into a trust in 1983 to avoid possible conflicts of interest, Capital Cities comprised some 60 percent of all his holdings.

''He sold half of that in 1982 to improve his portfolio,'' she said, ''but that was not in any way connected with the trust.'' She said that Casey has said that he had no role in decision-making at Capital Cities and that he had given up his directorship when he was appointed CIA director in 1981.

Most of Casey's other stock is held in a diversified qualified trust, she said. There are two other main kinds of trusts, the others including a diversified trust and a blind trust, over which an investor has no power over selection and trading of his assets.

Pherson said that Casey's Capital Cities assets were not eligible under terms of a diversified qualified trust that cannot include a holding if it comprises more than 20 percent of the total portfolio.

She said that in his last disclosure statement in May 1984, Casey valued his Capital Cities stock at ''more than'' $250,000. That is the highest category required in government disclosure statements that do not require a specific money value but only ''over'' or ''less than'' categories.

Newsday, the Long Island, N.Y., newspaper, Sunday said that Casey's Capital Cities holdings are worth as much as $7.5 million but still only about one-quarter of 1 percent of the company's stock.

The Washington Post said today Casey held 34,755 shares in Capital Cities.

Most of Casey's diversified qualified trust with other than Capital Cities securites, Pherson said, comprise readily marketable assets, none of which can be connected with companies having ''substantial'' dealings with the CIA.

Citing government ethics rulings, she said, ''This protects against conflict of interest because the trust assets should be so diversified that the official action of the prinicipal establishing the trust can not have any significant effect on that person's financial interest,'' she said.

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Pherson said she had been advised that Casey originally wanted to include his Capital Cities portfolio in his diversified qualified trust but found those assets would not qualify. ---

Casey, 72, previously served as chairman of the Security and Exchange Commission and left the govermment in 1975 to engage in private investments.

When he returned to government as CIA director in the first Reagan adminstration in 1981, he came under congressional criticism for declining to to follow the usual practice of government executives of putting all financial holdings into a blind trust.

A CIA spokesman in November 1983 said, ''All of Casey's transactions from the time he became director ... have been reviewed thoroughly by the Office of Government Ethics. They've had access to all informaton, including classified information .. (and) the classified contracts.'' Each year, the spokesman said, the ethics found no conflict.

But was not until 1983 that Casey put most of his investments into the diversified qualified trust.

Under government regulations, Casey is required to make an annual report of his holdings. This year's accounting is due in May.

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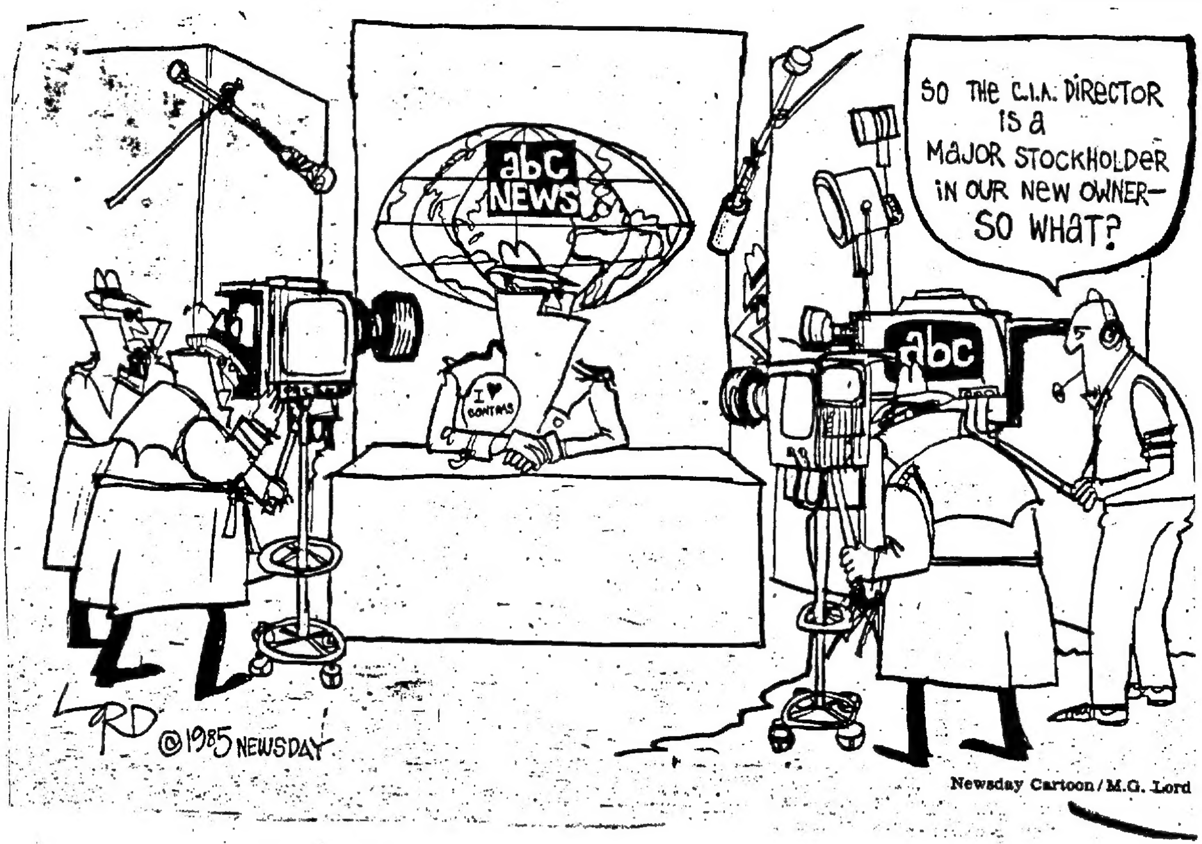

Newsday Cartoon / M.G. Lord

GARDEN CITY NEWSDAY (NY)
26 March 1985

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White House Mum on Casey TV Stock

Newsday Washington Bureau

Washington — White House press secretary Larry Speakes refused to say yesterday whether the White House believed that CIA Director William Casey's holdings in Capital Cities Communications might put him into a conflict of interest because of the company's proposed merger with American Broadcasting Cos. Inc.

Speakes confirmed that Casey had not made his Capital Cities holdings a part of his blind trust. But asked if there might be a conflict of interest in light of the proposed merger, Speakes said: "I don't know. I think this is what we have an Office of Government Ethics for, and I'm sure they would [be] ready to perform their duty, if, indeed, it was."

Other government agencies will examine aspects of the giant merger.

Newsday reported Sunday that Casey had exempted 34,755 shares of Capital Cities from the blind trust he set up in 1982. A lawyer with the Office of Government Ethics said Friday that the exemption was made because, at the time, the concern was over holdings that might be connected with Casey's position as head of the U.S. intelligence community, such as oil and gas stocks.

Speakes was asked by ABC correspondent Sam Donaldson what would happen if the merger went through and then the CIA complained to the FCC about ABC's news practices, as it actually did in November. The FCC dismissed that complaint.

Speakes responded with a smile, "Casey now will be directly able to deal with Roone [ABC News President, Roone Arledge] and he'll omit the FCC."

—Jim Klurfeld

LONG ISLAND NEWSDAY (RI)
24 March 1985

ARTICLE APPEARED ON PAGE 3

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Casey's Stock in Capital Cities

CIA chief has an interest in firm that's taking over ABC

By Rita Ciolli
Newsday Washington Bureau

When CIA Director William Casey established a blind trust in 1982 to quiet Congressional charges of conflict of interest in his stock transactions, he exempted 34,755 shares of Capital Cities Communications, the firm that startled the business and media worlds last week by announcing a proposed take-over of ABC.

William Casey

Currently, the director of the Central Intelligence Agency may hold as much as $7.5-million worth of stock in the company, which will soon own one of the nation's three major television networks.

A lawyer with the Office of Government Ethics said Friday that Capital Cities was exempted from Casey's blind trust because, at the time, the ethics office was focusing on the concerns raised over the CIA director's oil and gas stocks. The lawyer, who didn't want his name used, was involved in the setting up of the trust.

"The size of his Capital Cities holdings and his desire to retain control of it was why it was not put into the trust . . . It wasn't our decision what went into the trust," the lawyer said. "All we were concerned with were the assets that had a relationship to his work or his agency's mission.

"Capital Cities was not seen as a potentially conflicting item . . . It was more of the internationally sensitive stocks that gave rise to Congressional concern."

SEC filings show that no Capital Cities stockholder owns more than 5 percent of the firm's 12.8 million shares; 34,755 shares would constitute just over one-quarter of 1 percent.

Even with the ABC take-over looming, the Ethics Office lawyer said, Casey's holdings have "no meaning in terms of control or influence." The head of the Ethics Office, David Martin, was unavailable for comment.

According to sources, Casey didn't know of the ABC take-over plan until it was announced last week.

In July, 1983, Casey said that he had sold approximately half of his 69,510 shares in Capital Cities to raise capital for the purchase of a more diversified portfolio. CIA spokeswoman Patti Volz said Friday that this sale took place in August, 1982.

Volz said that Casey is not now active in Capital Cities' business activities and that his holdings in the firm are too small for him to have any influence on it. She also said late Friday that she could not reach the persons who know the precise amount of those holdings and that she was unsure whether the CIA director would authorize the release of such data.

But others said that the fact of Casey's continued holdings, whatever their size, coupled with his long relationship with both the company and its principals — he helped found the firm in 1954 — raises questions about a possible conflict of interest.

Richard Salant, former head of the National News Council, a media watch group, said Casey should sell any holding he has in Capital Cities.

"It doesn't turn on whether you like or don't like Casey or the CIA," said Salant, who is also the former president of CBS News. "It is a matter of the healthy relationship between government and the news. I'd feel much more comfortable if he sold it," Salant said.

Morton Halperin, director of the Center for National Security, was troubled that not all of Casey's stock holdings were in a blind trust. But he said the ownership of the communications stock and Casey's prior involvement with Capital Cities was an even greater problem.

"A government official should not be part owner of the news media," said Halperin, a former member of the National Security Council staff during the Nixon administration. "I'm not saying that this is even a technical violation of any law or regulation. He has an obli-

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gation just to be more sensitive than other government employees."

Last November, the CIA filed a complaint with the Federal Communications Commission charging that ABC "deliberately distorted" the news in reporting that the agency conspired to kill a U.S. citizen. The complaint, signed by Casey, asked the FCC to investigate the report and see if any license sanctions should be taken against the network.

On Nov. 21, the day the complaint was filed, the ABC World News Tonight program said it could no longer substantiate the charge it had made, adding, "we have no reason to doubt the CIA's denial." In January, the FCC staff dismissed the complaint saying the CIA had provided insufficient evidence upon which to open an inquiry.

The 72-year-old Casey has longstanding business ties with Capital Cities chairman Thomas S. Murphy and Daniel B. Burke, its president and chief operating officer. Murphy, a Cornell and Harvard graduate who had worked for Lever Bros., was hired in 1954, when the corporation was founded by Casey, broadcaster Lowell Thomas and others.

Casey was the firm's counsel and a director until 1971, when he resigned to become director of the Securities and Exchange Commission. He returned as counsel and a director in 1976 and resigned again on Jan. 28, 1981, to head the CIA.

Beverly Barna, manager of shareholder relations for Capital Cities, said that in 1976 Casey owned 39,020 shares of the firm's stock and that his holdings doubled in 1978 as the result of a 2-1 split. The last Capital Cities statement filed with the SEC before Casey resigned as a director in 1981 shows that he owned 67,580 shares in a "street" or brokerage name, 1,020 shares in his own name and that his wife, Sophia, owned 930 shares. Casey's 1983 filings with the Office of Government Ethics, the latest available, show only that his holdings in Capital Cities exceed $250,000, the maximum range on the standarized forms.

Barna said that firm records show only that Casey now owns 10 shares of stock in his own name. Any additional holdings are probably registered in the name of a broker or trustee, she said.

The CIA director announced his plans for a blind trust in July, 1983, amid growing Congressional concern about a potential conflict of interest between his extensive stock transactions and his duties as CIA director. At that time, he said he had sold approximately half of his 69,510 shares in Capital Cities.

"This was a decision to improve the safety, diversification and income of my holdings," Casey said at the time.

Similiarly, Richard Cheswick, his investment counselor, wrote the Washington Post on June 6, 1983, that Casey had owned the Capital Cities stock "for 30 years" and was selling part of it to "improve the safety and diversity" of the portfolio. Cheswick said that 40 percent of the proceeds were used to purchase other stock and 60 percent were used to purchase bonds.

These new holdings are in a "Qualified Diversified Trust" which means Casey cannot exercise any control whatsoever over their purchase or sale. The trust is supervised by the Office of Goverment Ethics.

In a 1981 filing with the Senate, Casey said that the 68,600 shares of Capital Cities he held then cost him $8,575, an average of 12 cents a share. His 1982 sale of about half of those shares netted him $2,815,155. As of Friday, when Capital Cities closed at $215 per share on the New York Stock Exchange, 34,755 shares were worth $7,472,325.

UNITED PRESS INTERNATIONAL
18 March 1985

CAPITAL CITIES COMMUNICATION BUYS ABC
BY GAIL COLLINS
NEW YORK

The American Broadcasting Company and Capital Cities Communications Inc. reached an agreement Monday that would allow the much smaller Capital Cities to take control of the network in a $3.5 billion merger.

Capital Cities, which has extensive television, radio and newspaper holdings around the country, said it would pay ABC stockholders $118 in cash per share for stock that closed last Friday at $74.50.

Additional compensation to shareholders, in the form of redeemable warrants, would put the value of the deal at $121 per share, or more than $3.5 billion, the companies said in a joint statement.

Trading in both ABC and Capital Cities stock was halted on the New York Stock Exchange Monday, and when it resumed after the merger announcement, the value of ABC shares shot up to $107. Capital Cities stock opened at $183 per share, up $7.

Capital Cities also announced an agreement under which Berkshire Hathaway Inc., would purchase 3 million unissued shares of Capital Cities for $172.50 per share at the time of the merger -- providing Capital Cities with more than $500 million in cash.

Rumors that one or more of the three major networks might be a takeover target have been growing over the past six months. Ted Turner, the head of Turner Broadcasting, informed the Federal Communications Commission early in March that he was considering an attempt to gain control of one of the networks.

ABC has been running third in the ratings this year, and analysts said its stock was trading at much less than the value of its assets -- a circumstance that always draws the attention of corporate raiders.

The agreement announced Monday was a friendly one, which some industry sources said might have been reached in order to protect ABC from being bought by someone the network's management considered less desireable.

Capital Cities, based in New York, owns seven television stations, all ABC affiliates, in Philadelphia, Houston, Tampa, Fla., Durham, N.C, Buffalo, N.Y., New Haven, Conn., and Fresno, Calif.

ABC owns its affiliate stations in New York, Chicago, Los Angeles, San Francisco and Detroit, as well as radio stations in the same market areas and Washington, D.C.

Capital Cities' other holdings include the Kansas City Times and Star, the Fort Worth Star-Telegram and six other dailies; Fairchild Publications, publisher of Women's Wear Daily and other trade newspapers; radio stations in Detroit, Los Angeles, Providence, R.I., Fort Worth-Dallas, Atlanta and Paterson, N.J., multiple cable holdings and weekly newspapers in five states.

Capital Cities was founded 30 years ago by a group of investors led by the late commentator Lowell Thomas. Another original investor was William Casey, now head of the Central Intelligence Agency.

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Under long-time chairman and chief executive office Thomas Murphy, Capital Cities developed a reputation for a lean management style that produced low expenses and high profits.

ABC had revenues of $3.71 billion in the 1984 fiscal year, dwarfing Capital Cities' $939.7 million. However, the gap was much narrower when it came to earnings. ABC's profits were $195.3 million, compared to $135.2 million at Capital Cities.

''They're the most profitable company in the business, a very lean, very tough performance-oriented company'' said Edward Atorino, who follows the broadcasting industry at Smith Barney Harris Upham & Co.

''They're run without a lot of frills, reflecting the style of their top management. Tom Murphy does not have a table at Four Seasons,'' Atorino added, referring to the elegant Manhattan restaurant frequented by publishing and broadcasting executives.

Meshing the management styles of Capital Cities and ABC might not be an easy task, Atorino said. ''My own personal feeling is the culture gap is very enormous. The ABC people would have to get used to a totally different standard of living.''

Murphy will be chairman and chief executive officer of the new company, according to the joint statement, and Leonard Goldenson, head of ABC, will serve as chairman of the Executive Committee.

Besides the cash, ABC stockholders would receive one-tenth of a warrant to purchase Capital Cities common stock, under the agreement. Each full warrant can also be traded in for $30 for 90 days following the merger, or held and used to purchase one share of Capital Cities stock for $250 over the next 2 years.

Murphy and Goldenson said they expect stockholders to consider the merger at separate corporate meetings in June.

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ON PAGE 2C

WASHINGTON TIMES
21 August 1984

FILE ONLY

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Public scarcely seems to care

IAN GILBERT

Geraldine Ferraro wants the same job that Harry Truman, Lyndon Johnson, and Gerald Ford held the minute before they each achieved the presidency of the United States.

Because she could end up appointing federal judges and senior government officials, she and her husband should have quickly and fully disclosed everything there was to know about their financial affairs — most particularly those things they least wanted to disclose.

If Caesar's wife must be beyond reproach, then so too must Calpurnia's husband. Voters have every right to care whether the president and vice president are moral, honest, ethical people and whether they will appoint others of similarly irreproachable character to high office.

Whether the voters actually do care is another matter; it may well be that Geraldine Ferraro will have suffered more damage from her "cover-up" than from any facts she and husband John Zaccaro disclose.

The Ferraro flap has been a Godsend to the press, staring forlornly at the prospect of three long months of a boring campaign, fittingly begun with a GOP convention pre-programmed to have all the journalistic sex appeal of the stock market tables.

Now, thanks to Geraldine Ferraro's sudden shyness, reporters had something to *investigate!* Never mind that every news medium in the nation, not excluding those that most vigorously excoriated *The Washington Post* for hounding Tricky Dick, has just completed a hearty round of 10th anniversary self-congratulation on how much we've all matured since the hell-for-leather "investigation for investigation's sake" attitudes that infected every reporter from the fashion section to the sports pages in Watergate's wake.

Nuts. The public doesn't care about John Zaccaro's income taxes 1/100th as much as the press does, and the Republicans know it. Just ask their experts, all of whom are convinced to an immoral certitude that nobody but the news media cares about odd doings in high places.

Who are these experts, these political pundits who know that corrupt and unethical behavior is newsworthy only to newsies?

Ladies and gentlemen, I give you Richard Allen, John Block, William Casey, George Hansen, Mark Hatfield, Ed Meese, and all those wonderful folks who used to work at EPA.

Former National Security Adviser Richard Allen, you'll recall, accepted a $1,000 honorarium for Nancy Reagan without her knowing anything about it, and took a moderate-price Japanese watch for himself. The watch must not have been very accurate. Mr. Allen lost track of the time, and the money was found by someone else months after he'd received it. The press treated the whole thing as though it were Teapot Dome — which it wasn't — and Mr. Allen had to go.

Agriculture Secretary John Block, like Geraldine Ferraro, has a business partner or two. One of those partners is rumored to be on the verge of bankruptcy, having overextended himself, it is said, in speculative land purchases. Mr. Block, like Mrs. Ferraro, says he doesn't know what his partner is up to. Mr. Block, like Mr. Zaccaro, lent his partner a lot of money — in Mr. Block's case, $400,000 (all of it taxpayer money, by the way). Mr. Block thinks the news media are making a lot of noise about nothing.

CIA Director William Casey had to be beaten about the head with rolled-up newspapers before he grudgingly agreed to put his personal millions in trust, away from the temptation — to which he may well have earlier succumbed — to use the CIA's sometimes reliable intelligence for personal gain.

Republican Rep. George Hansen was convicted of failing to report his unemployed wife's one-day $75,000 gain on a hot tip. Unlike Geraldine Ferraro, he didn't even bother to claim an exemption for his wife's income. Mrs. Ferraro may not be entitled to the exemption, but at least she claimed it. Mr. Hansen thinks he was tried as much in the press as in the courtroom.

Republican Sen. Mark Hatfield wishes the press had never learned his wife had received a $55,000 fee for which she did little if any work. Notwithstanding the suspicion that the money was given to influence the senator, the voters of Oregon are reported not to care very much.

Then there's Presidential Counselor Ed Meese, attorney general-designate and possible Supreme Court justice. While his problems are being looked into by independent counsel under the Ethics in Government Act, 41 law professors from all over the country have concluded — in a memorandum published in the *Congressional Record* — that Mr. Meese's own testimony at his March confirmation hearings provides evidence at least as strong as that on which the federal government has based many other successful felony prosecutions. In press interviews, Ed and his wife, Ursula, have insisted that the media have blown the thing all out of proportion, that there's nothing to worry about.

If all these Republican biggies are right — and the initial reaction of Oregon's voters to Sen. Hatfield's indiscretion would seem to indicate that they are — then no one except the press really cares about Geraldine Ferraro's family finances.

Ian Gilbert is a member of the editorial pages staff of The Washington Times.

C.I.A. HEAD REPORTS TRADINGS IN STOCK

Casey, on Disclosure Forms, Shows 40 Transactions in '83 Totaling $1 Million

By JEFF GERTH

Special to The New York Times

WASHINGTON, June 1 — William J. Casey, Director of Central Intelligence, engaged in 40 stock transactions totaling more than $1 million last year, according to Mr. Casey's 1983 financial disclosure statement.

In addition, before placing most of his assets in Government-approved trusts last October, Mr. Casey engaged in 40 other transactions involving hundreds of thousands of dollars in Government securities and bonds, according to the statement, made public Thursday.

Mr. Casey, who was appointed Director of Central Intelligence in 1981, set up two Government-approved trusts after he was criticized in Congress for buying and selling stocks in 1981 and 1982. The trusts require an independent trustee to manage the assets without consulting Mr. Casey. Several Government officials have such arrangements. They are not required by law.

Documents made public last year showed that in his Government tenure Mr. Casey had acquired stock in companies that did business with the C.I.A.

Mr. Casey submitted his financial disclosure form two weeks ago.

It is not possible to determine the exact value of Mr. Casey's multimillion dollar stock holdings because the financial disclosure form does not require precise figures.

However, the form does give some details about Mr. Casey's stock trading before the creation of the trusts. For example, on March 29, 1983, Mr. Casey liquidated his holdings in the Paradyne Corporation, worth between $50,001 and $100,000, two trading days after the Securities and Exchange Commission charged the company with fraudulently obtaining a large Government contract.

While most of his holdings were placed in trusts, Mr. Casey still has a number of stocks, bank accounts and real estate holdings under his personal control.

Mr. Casey kept out of his trusts two partnership interests that are involved in a civil tax dispute with the Internal Revenue Service. While the investment value of these holdings by Mr. Casey and his wife is small, the I.R.S. is claiming that he owes at least $100,000 in back taxes and interest, according to an article in The Washington Post earlier this month.

ARTICLE APPEARED ON PAGE 10A

BALTIMORE SUN
1 June 1984

FILE ONLY -DCI

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Casey, wife traded stock until trust was set up

WASHINGTON (AP) — William J. Casey, director of the Central Intelligence Agency, and his wife bought at least $1 million in stocks and bonds last year and sold a similar amount in the nine months before Mr. Casey established a blind trust for his holdings, according to his financial disclosure statement released yesterday.

The report showed that Mr. Casey continued trading in stocks and securities right up to October 7, when the bulk of his multimillion-dollar holdings were put in a blind trust beyond his control. In the two weeks before the trust was set up, Mr. Casey reported between $690,000 and $1.6 million in transactions.

Before the creation of the trust, Mr. Casey said day-to-day control of his stock portfolio was in the hands of his longtime investment adviser, Richard Cheswick, who has denied that Mr. Casey ever gave him information that helped in making investment decisions.

Nevertheless, Mr. Casey aroused public and congressional criticism for keeping ultimate control over his holdings after he became CIA director in January, 1981. His two predecessors at the CIA, as well as other senior Reagan administration officials with access to secret government financial data, created blind trusts for their holdings.

Last year, facing a threat of congressional action to force him to create a blind trust, Mr. Casey relented and agreed to establish one. Still, the arrangement left Mr. Cheswick in charge of Casey investments worth at least $5 million and possibly more than $8 million.

Exact amounts for holdings and transactions are impossible to determine from the disclosure form because the figures are given only within broad ranges and not in exact sums.

The Caseys also reported earning between $494,000 and $1.2 million in outside income.

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LOS ANGELES TIMES
1 June 1984

DCI
FILE ONLY

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The Nation

CIA Director William J. Casey and his wife bought at least $1 million in stocks and bonds last year and sold a similar amount in the nine months before Casey established a blind trust for his holdings, according to his financial disclosure statement. The report showed that Casey continued trading in stocks and securities right up to Oct. 7, when the bulk of his multimillion-dollar holdings were put in a blind trust beyond his control. In the two weeks before the trust was set up, Casey reported between $690,000 and $1.6 million in transactions.

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GUIDANCE FOR CIA OFFICE OF PUBLIC AFFAIRS
CONCERNING WILLIAM J. CASEY'S TRUST
(QUESTIONS AND ANSWERS)

Question: Director Casey announced that he is establishing a "qualified diversified trust?" What is a qualified diversified trust and how does it differ from a "blind trust?"

Answer: The Ethics in Government Act provides for three types of trusts, called "excepted trusts," "qualified diversified trusts" and "qualified blind trusts." Establishment by a senior government official of any of these three types of trusts in accordance with the Act and its implementing regulations substitutes for various alternative financial disclosure and conflict of interest requirements.

A qualified diversified trust consists of a well-diversified portfolio of readily marketable securities. None of the assets initially placed into the trust can be securities of companies having substantial activities related to the primary responsibility of the official establishing the trust. The qualified diversified trust provides protection against potential conflicts of interest because the assets in the trust must be so diversified that the official actions of the person establishing the trust cannot have any significant effect on that person's financial interests.

In contrast, the qualified blind trust provides protection against potential conflicts of interest because the person establishing the trust has no idea what the trust contains. A blind trust is only truly blind, however, once all assets initially placed into the trust have been disposed of, which may take a great deal of time if the assets are to be managed prudently.

For more information about the various types of trusts under the Ethics in Government Act, contact the Office of Government Ethics, 632-2792.

Question: Will Director Casey be holding any of his assets outside of the trust?

Answer: Yes. Mr. Casey's holdings in the securities of Capital Cities Communications do not meet the diversification criteria established under the Ethics in Government Act for initial placement of assets into a qualified diversified trust. Capital Cities Communications, of course, has nothing to do with the activities of the CIA, and nothing Director Casey might decide in his official capacity would have any significant effect on the company or on the value of Mr. Casey's holdings in it.

In addition, a qualified diversified trust may contain only readily marketable securities. Mr. Casey has some relatively minor financial interests which are not readily marketable securities, such as an interest in an engine patent and, through Mrs. Casey, an interest in a sunken ship. These types of holdings must by law remain outside the trust. Again, these financial interests have nothing to do with the activities of the CIA, and nothing Director Casey might decide in his official capacity would have any significant effect on the value of the interests.

With respect to Mr. Casey's holdings outside the trust, he will continue to make the Financial Disclosure Reports required under the Ethics in Government Act.

Question: Will Mrs. Casey's holdings be placed in the trust?

Answer: Yes. Mrs. Casey will be executing the trust with Mr. Casey and her assets will also be placed in the trust.

Question: Who was Director Casey's attorney in the establishment of the trust?

Answer: Leonard Silverstein of the firm of Silverstein and Mullens of Washington, D.C. represented Mr. Casey for purposes of establishing the trust.

Question: Does Mr. Casey's establishment of a trust signal that he will stay in the job of Director of Central Intelligence for a long time?

Answer: Mr. Casey presently has every intention of remaining Director of Central Intelligence.

Question: Will the screening arrangement established at the Agency with respect to matters involving companies in which Mr. Casey held stock continue?

Answer: With respect to assets in the qualified diversified trust, the screening arrangement will not continue. The screening arrangement would be inconsistent with the trust arrangements, since Mr. Casey will not know what transactions occur inside the trust.

The screening arrangement will continue, however, for those few holdings Mr. Casey will hold outside the trust (Capital Cities Communications stock and a few non-securities interests, such as an interest in an engine patent and a sunken ship). As a practical matter, it is highly improbable that any real or apparent conflicts of interest could arise with respect to the holdings Mr. Casey will keep outside the trust, as they have nothing remotely to do with Director Casey's official area of responsibility.

Question: Who is the trustee of Mr. Casey's trust?

Answer: Mr. Richard Cheswick of Cheswick, Rex and Gillespie, Inc., 80 Field Point Road, P.O. Box 2220, Greenwich, Connecticut 06830, will be the trustee of Mr. Casey's qualified diversified trust. Mr. Cheswick is an independent professional financial adviser who has handled many portfolios and has provided services to Mr. Casey in the past.

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Question: Will Director Casey continue to file an annual Financial Disclosure Report under the Ethics in Government Act?

Answer: For those few holdings Mr. Casey will hold outside the trust (Capital Cities Communications stock and a few non-securities interests, such as an interest in an engine patent and a sunken ship), Mr. Casey will continue to file Financial Disclosure Reports as required by the Ethics in Government Act.

With respect to assets transferred to the trust, Mr. Casey will file a Financial Disclosure Report for the period running from the beginning of the year to the date of execution of the trust agreement, but will not file thereafter with respect to assets in the trust. Under the requirements of the qualified diversified trust, Mr. Casey will not know what transactions take place in the trust.

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Question: Why did Director Casey wait until now to establish the trust?

Answer: Nothing in the law requires Cabinet officials, or any other officials, to set up a blind trust to satisfy the Ethics in Government Act and other conflict of interest laws. Such trusts are only one of the alternatives for meeting the requirements imposed by law. Right from the beginning of his tenure as Director of Central Intelligence, Mr. Casey was careful to ensure full compliance with conflict of interest law. He continued to maintain his holdings with a professional investment advisory firm on a fully discretionary basis in which investment decisions would continue to be made by the investment advisory firm and not by Mr. Casey. In addition, Mr. Casey established a screening arrangement to assure that he did not involve himself in any decision at the Agency which would in any way have an impact on one of his security holdings. Indeed, the screening arrangement exceeded the requirements imposed by the law. The screening arrangement was established on a real-time basis so that under no circumstances could a decision be made by Mr. Casey that would in any way have a relationship to any of his holdings.

In addition, Mr. Casey made full and complete public disclosure with respect to his holdings on an annual basis as required under the Ethics in Government Act. Each of Mr. Casey's annual financial reports has been certified to be in full compliance with the Act.

Despite these effective measures taken by Mr. Casey, he continued to be receptive to, and listened to, the views of others which, while conceding that Mr. Casey had acted in full compliance with both the letter and spirit of the Act, indicated concern generated by the fact that Mr. Casey had not taken the technical legal steps to insulate himself from management of his portfolio. In order to avoid any further public debate or discussion about the matter Mr. Casey decided that it would be prudent to place his holdings in a trust.

Question: How much is Mr. Casey worth?

Answer: The CIA does not comment on such private matters. Mr. Casey's latest annual Financial Disclosure Report is available to the public from the Office of Government Ethics.

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WASHINGTON POST
10 April 1984

FILE ONLY

STAT

Joseph Kraft

Sleaze

"I reject the use of the word 'sleaze,' and I don't think it fits any situation that we have here," President Reagan said at his news conference of April 2. As one of those who first advanced the term, I reject the rejection. Accordingly, there follows a brief foray into etymology.

Sleazy, a k a sleezy, came into the language in the middle of the 17th century. The exact origin, the Oxford Dictionary says, is unknown. But there seems to be a clear association with cloth or thread of poor quality.

The unabridged Oxford Dictionary includes, under the dateline 1696, the following example: "It will not wear near so well by reason it is made of more sleazy thread than the former is." It also contains an entry, written in 1861, by Emerson: "You shall not conceal the sleazy, fraudulent, rotten hours you have slipped into the piece."

Thereafter the term became a general synonym for inferior. Webster's Seventh New Collegiate Dictionary gives these definitions: "carelessly made of inferior materials: shoddy," and "marked by cheapness of character or quality."

Partridge's Dictionary of Slang offers as synonyms "slimy . . . greasy . . . garish and disreputable." As an example it offers this sentence: "Half the wardroom was in some sleazy nightclub that was raided."

Note that sleaziness bears no necessary connection with criminality. The charges being made against the Reagan administration are not a matter of the old-fashioned corruption associated with the administrations of Warren Harding and U.S. Grant. Still less is it a question of the abuse of power. The tradition of being innocent until proved guilty, which Reagan introduced as a standard in his news conference, does not come into play.

On the contrary, the emphasis is on reputation and seemliness, on high standards as distinct from low ones. The judgment that praised the Reagan administration at its inception for showing "a touch of class" is now up for review. What is essentially at issue, in other words, is what is done and what is not done. It is a matter of taste.

Examples clarify the distinction. Honoring Frank Sinatra at the White House, for instance, is certainly not criminal. The singer is not under indictment or anything of the kind. But he is well known for alleged association with gangster elements. So holding him up for public admiration is the reverse of good taste. It is sleazy.

Naming Raymond Donovan secretary of labor involves no crime either. Donovan has been "cleared" by a special prosecutor. But Donovan comes out of the construction business in New Jersey. That business in that state has long been identified with crooked bosses in the labor unions. So to put Donovan in the top labor post is to wink at the worst elements in labor. It's not illegal. It is sleazy.

The Central Intelligence Agency performs sensitive missions relative to delicate questions of national security. The rules are largely unwritten, so there is a special premium on personal integrity, on austere renunciation of selfish interest. Naming a director who buys and sells stock while in the post is surely not illegal. It is sleazy. Indeed, one of Bill Casey's colleagues once said, in defense of him, "he's not as sleazy as he seems."

Charles Wick, the director of the United States Information Agency, regularly taped phone calls without telling his correspondents. That's not a crime. But it is not a highly respected practice either. It is, as Mr. Wick once acknowledged, sleazy. It does not become less so because Ronald Reagan gives his friend a clean bill of health.

The deputy secretary of Defense bears the chief responsibility for procurement involving billions of dollars. Paul Thayer, who held that post in the Reagan administration last year, now faces charges of insider trading. That is a crime of which he is innocent until proved guilty. But the indictment of Thayer sets forward highly detailed transactions for the benefit of cronies and girlfriends. That is sleazy.

Like the Wick case, moreover, the Thayer case puts into question a claim the president makes for himself. "I will be the first to remove anyone in the administration that does not have the highest integrity," Reagan said in his April 2 news conference. Thayer left office in January of this year. The papers reported in early October that he was under investigation. White House aides knew of his troubles before then. But Reagan apparently didn't.

Criminality and corruption, I repeat, are not at stake here. My impression is that the Reagan administration is not unusually bad on those counts. But bad taste does raise another issue. There is the president's claim that "I believe the halls of government are as sacred as our temples of worship."

That claim does not square with the record. Could it be that Reagan is just an actor mouthing phrases to dupe the public? Elmer Gantry in the White House? Probably not. More likely is the proposition that he doesn't know the record, that he is an aging leader, out of touch with what is happening all around him.

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'Country-Club Ethics'?

Critics think too many Reagan appointees have been insensitive to the ethical niceties of public office.

One way to explore the ethical dilemmas of government service is to look at Jim Baker's bird feeder. Baker is, of course, Ronald Reagan's chief of staff and an old Washington hand—and as a veteran of the Ford administration during the post-Watergate public-morality craze, he long ago learned that survival in high office means avoiding even the *appearance* of impropriety, let alone the kind of mess that can trigger a special prosecutor, a grand jury or the press. His bird feeder is a case in point. Since signing on with Reagan, Baker has been very, very careful to avoid any hint of unethical behavior. He has, for example, steered clear of energy-policy discussions within the Reagan administration, primarily because his private investments include a number of oil stocks. And when, in 1981, Baker decided that it would be nice to install a new door in his West Wing office so he could refill the bird feeder outside, he paid for the work himself. Records show it came to $758, which Baker could well afford, and it was worth it—for as Baker knows, Washington's reaction to the misuse of public funds can be very harsh indeed.

The lesson of Baker's bird feeder is one that other members of the Reagan administration have been notably slow to learn. Over the past 3½ years, dozens of ranking and not-so-ranking Reaganites have run afoul of prevailing Washington standards for squeaky cleanliness in office, and some—like Richard Allen, Rita Lavelle and Paul Thayer—have paid the price by giving up their federal positions. No one—not even the most avid Democrat—maintains that this administration is widely corrupt, or that its probusiness policies are for sale. But even Republicans agree—privately—that too many of Reagan's appointees have been insensitive to the ethical norms for federal officeholders, and some see a pattern of boardroom or country-club morality at work. If so, presidential counselor Edwin Meese's current troubles revive the issue at a terribly awkward time—and the cumulative burden of his followers' carelessness may yet handicap Reagan's re-election campaign. Or it may not—for as one anguished congressional Democrat observed last week, Reagan's uncanny ability to escape sticky issues has created the first "Teflon-coated president" in history.

Taking Care of Business. Rightly or wrongly, many of the administration's less flattering press notices have stemmed from some of its appointees' habit—understandable, particularly to Republicans—of tending to their investments come what may. "If you buy the stereotype that Democrats are law professors and history majors while Republicans are businessmen, then Republicans have more opportunities [for collisions with conflict-of-interest rules] because they've invested in the system," one White House staffer says. And Reagan himself shrugged off questions about Meese last week by observing that Meese, like many of his appointees, had made "some pretty great economic sacrifices . . . to work for the government."

Two of Reagan's most prominent advisers, Attorney General William French Smith and CIA Director William Casey, have been the focus of public questioning about their investment portfolios—though in the end, neither man was found to have overstepped the bounds of propriety. Smith, a millionaire California lawyer before following his old friend Reagan to Washington, came under scrutiny in May 1982, when it was reported that he had taken large tax write-offs on an oil- and gas-drilling venture; he was also questioned about a $50,000 severance payment from a firm he had served as a director. Eventually Smith was cleared of any wrongdoing by government ethics investigators—but by then, the A.G. had renounced both the tax write-offs and the severance check to halt the flow of skeptical news stories. Casey, similarly, found himself questioned by Senate Democrats in 1983 when it was disclosed that he had invested heavily and profitably in stocks in 1982. Although some of his investments involved companies that had contracts with the CIA, an agency review concluded that he had not abused his office—but Casey bowed to congressional pressure by putting all his holdings in a blind trust.

Continued

'Too bad, Bert—you came to Washington just a few years too soon': Running afoul of squeaky-clean standards

Casualties: Three other Reaganites, however, were forced from office after their investment practices made news. One was Max Hugel, Casey's right-hand man at the CIA: Hugel resigned from the CIA in July 1981, after allegations that he had taken part in questionable stock transactions seven years earlier. Hugel said the allegations, by two former business associates, were "unfounded, unproven and untrue," and his accusers, both sought for questioning by the FBI in an unrelated investigation, never pressed the charges. Another ill-starred investor was Thomas C. Reed, who quit his job as a White House national-security aide in 1983. Reed's downfall resulted from reports that he had parlayed $3,125 in stock options into a $427,000 killing in 1981, and that he had done so with the help of illegal insider information. A Securities and Exchange Commission investigation resulted in Reed signing a consent agreement not to use insider tips in the future; when House Democrats revived the issue two years later, Reed—still protesting his innocence—resigned.

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NEW YORK TIMES
28 March 1984
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More Than Dozen in Administration Accused of Impropriety

By JOEL BRINKLEY
Special to The New York Times

WASHINGTON, March 27 — Edwin Meese 3d is not the first Reagan Administration official to face charges of improper financial dealings.

Since Ronald Reagan took office, more than a dozen high-level officials have resigned, been investigated or been forced to explain their actions after charges of impropriety. They have included the Attorney General, the Director of Central Intelligence, the President's national security adviser, high-ranking Environmental Protection Agency officials and the Administrator of the Federal Aviation Administration.

Today, the Justice Deaprtment asked a Federal court to name a special prosecutor to investigate charges that Mr. Meese, the President's counselor and Mr. Reagan's nominee to be Attorney General, failed to disclose a $15,000 interest-free loan from a friend who later got a Government job.

Among the other officials who have been accused of improprieties are these:

Richard V. Allen, Mr. Reagan's first national security adviser. He was investigated by the Justice Department and was forced to resign in 1982 after $1,000 in cash and several expensive watches were found in his White House safe. Mr. Allen explained that he had accepted the money from Japanese journalists, who had offered it as a present for Nancy Reagan. After an investigation, Attorney General William French Smith said Mr. Allen was guilty of no wrongdoing.

Donald P. Bogard, president of the Legal Services Corporation. He worked clauses into his contract that paid for his membership in a private club and guaranteed him a year's severance pay. The corporation is a federally financed agency, and Congress forced Mr. Bogard to modify the contract.

Joseph W. Canzeri, the President's schedule-maker. He resigned in 1982 after it was disclosed that he had accepted a mortgage from a friend at a favorable interest rate so he could buy a $400,000 home in Georgetown. Mr. Canzeri also said he billed both the White House and the Republican National Committee for "$700 and some change," he said, for two dinners he gave. Mr. Canzeri reimbursed the Government. The Justice Department investigated and found he had violated no Federal law.

William J. Casey, Director of Central Intelligence. He faced questions from Congress and elsewhere when it was learned that he bought stock and other securities valued at $1.9 million to $4.5 million in 1982. Most Government officials put their assets into blind trusts while in office, to avoid charges that they have used official information for private gain. Mr. Casey declined to establish a blind trust until late in 1983, after the Senate began work on a resolution demanding that he do so.

Guy Fiske, who resigned as deputy Secretary of Commerce in 1983 after charges that he was discussing the possibility of taking a job at the Communications Satellite Corporation while he was also in charge of negotiating sale of the Commerce Department's weather satellites to the same company.

J. Lynn Helms, who resigned as Federal Aviation Administrator early this year amid charges that several businesses he owned had been substantially liquidated in bankruptcies, though several million dollars of the debt was lent or guaranteed by Federal or state government agencies. Mr. Helms has denied any wrongdoing and has filed suit against several former business partners. The Department of Transportation and the Office of Ethics in Government have requested full reports.

Max C. Hugel, chief of clandestine operations at the Central Intelligence Agency. He resigned in 1981 after some of his stock dealings in the 1970's came under question. Mr. Hugel denied the accusations, but Mr. Casey said hiring Mr. Hugel had been "a mistake."

John F. Lehman, Secretary of the Navy, who was forced to answer questions in 1982 about errors found on his financial disclosure statements. The inconsistencies related to the divestiture of a consulting concern he owned.

Rita M. Lavelle, who was in charge of the Environmental Protection Agency's hazardous waste cleanup fund. She was found guilty of lying to a House committee about when she first learned that her former employer was involved with a hazardous waste dump that she was in charge of cleaning up. The controversy forced the resignation of several other officials in the agency, including Anne McGill Burford, the administrator. Miss Lavelle has been sentenced to six months in prison but is free pending appeal.

Robert P. Nimmo, who resigned as head of the Veterans Administration in 1982, soon after the release of a General Services Administration report accusing him of misuse of Government transportation. He was forced to reimburse the Government more than $6,000 for the improper use of a chauffeur-driven car. The report also said that he spent $54,183 to redecorate his office, and then sent the old furniture to his daughter, who worked in the Commerce Department.

William French Smith, the Attorney General. He was investigated by the Justice Department for accepting a $50,000 severance payment from a California steel company and for investing in a tax shelter that paid $4 in tax breaks for every $1 invested. The Justice Department said the Attorney General did not act improperly, but Mr. Smith agreed to limit his tax shelter deductions and to give back the severance payment.

W. Paul Thayer, who resigned as Deputy Defense Secretary early this year, after the Securities and Exchange Commission brought a proceeding against him charging him with illegal insider stock trading.

James G. Watt, Secretary of the Interior, who was asked by the General Accounting office to repay the Government for holding parties at taxpayers' expense at the Custis-Lee Mansion in Arlington, Va. Mr. Watt protested, and the Republican National Committee finally paid the bill.

Charles Z. Wick, director of the United States Information Agency. He caused controversy when he gave high-paying jobs to friends and relatives of senior Administration officials. Mr. Wick also was forced to answer questions when it was learned that he had used Government funds to pay for a security system at his Washington home. The White House counsel's office raised questions about the expenditure, and Mr. Wick said he reimbursed the Government.

Thomas C. Reed, a special assistant to the President for national security affairs. He stepped down last year and was forced to sign a consent decree with the Securities and Exchange Commission and give up $427,000 in profits that the commission said he made on a stock investment based on inside information.

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CHRISTIAN SCIENCE MONITOR FILE ONLY -DCI
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STAT

Reagan stays above the fray in ethics probes

By Charlotte Saikowski
Staff writer of The Christian Science Monitor

Washington

Ethics in government is shaping up as an issue in the 1984 election campaign.

As White House counselor Edwin Meese III fights back against critics, Democrats see an opportunity to make political capital of the fact that his financial transactions and other matters are under investigation by the Justice Department. Walter Mondale has accused the Reagan administration of tolerating "sleaze." Gary Hart has assailed the record of "misconduct" by administration officials.

Now the Democratic Congressional Campaign Committee has issued a fat packet of material cataloging what it terms a "long and growing pattern of ethical misconduct by Reagan administration appointees."

There is a high element of election politics in all this. But the Meese affair has stirred concern in many quarters, including Republican ones, that the Reagan administration has a far poorer record of ethical behavior than the lofty tone of the President's rhetoric suggests.

It is difficult to measure the degree of scandal in the Reagan presidency against previous presidencies, especially pre-Watergate administrations. "There are no comparable numbers, because the Ethics in Government Act is working to make such things public," says Jack Walter, executive director of the National Academy of Public Administration. "Before 1978 many ethical matters were handled very privately and the press did not have access to information.

"But qualitatively it does seem to be a frequent problem," says Mr. Walter, who was head of the Office of Government Ethics under President Carter and early in the Reagan administration.

Other presidencies also have had problems. Harry Truman got into trouble when his military aide accepted a freezer from a manufacturer. Dwight Eisenhower had to get rid of a close aide, Sherman Adams, who accepted a vicuna coat. The Nixon presidency went down in disgrace over the Watergate scandals. And President Carter was hounded by criminal allegations against his economics adviser, Bert Lance.

What distinguishes this administration is that President Reagan himself has not been politically touched by the misdeeds of his aides. He remains curiously immune from criticism — a "Teflon-coated President," as he is now described. But the controversy over his nominee for US attorney general is beginning to generate more news media attention to the broad question of cronyism and favoritism in government.

Not all the instances of ethical misbehavior in the Reagan administration have involved criminal wrongdoing. But questionable actions by more than 40 low- and high-ranking officials in various agencies seem to point to ethical indifference in the administration. Among the more prominent cases:

- National-security adviser Richard Allen resigned in January 1982, after $1,000 and three watches were discovered in his White House office safe. He said he had intercepted the money from Japanese journalists who were trying to offer it to Nancy Reagan.
- The director of central intelligence, William J. Casey, invested heavily in stock in 1982 before putting his holdings in a "blind trust," as most government officials do in order to avoid charges that they are using inside information for personal gain.
- Deputy Defense Secretary W. Paul Thayer resigned after one year in order to defend himself in an insider trading suit filed by the Securities and Exchange Commission.
- Thomas C. Reed, former deputy assistant to the President for national security, was dismissed after reports that he had made stock profits of more than $400,000 with the help of illegal insider information.
- Charles Z. Wick, head of the United States Information Agency, surreptitiously taped telephone conversations with other government officials and at first denied he had engaged in the practice.
- US Attorney General William French Smith had to give back a $50,000 severance payment from the Earle M. Jorgenson Company.
- EPA chief Anne Burford resigned after congressional probe into alleged favoritism to industry in connection with the agency's toxic waste cleanup program.
- Michael Cardenas, administrator of the Small Business Administration, resigned following investigations of SBA grants. One was to an Albuquerque contractor who was under criminal investigation.

Continued

• Max C. Hugel, deputy CIA director for clandestine operations, resigned after being accused of taking part in questionable stock dealings.

• EPA assistant administrator Rita Lavelle was convicted of perjury and obstructing a congressional investigation for covering up her role in an EPA crackdown on a company she used to work for. Some critics attribute such lapses to the "business ethics" of people Reagan surrounds himself with. Others see them as a manifestation of a decline in the nation's moral standards.

"It reflects the general loose standards in the country," says Amitai Etzioni, a sociologist at George Washington University. In his new book "Capital Corruption," Dr. Etzioni warns that corruption has reached wide proportions in Washington not simply because of misdeeds by individual officials but because of the flow of special-interest money to politicians. He also notes widespread public apathy to "legalized corruption."

Says presidential historian Fred I. Greenstein of Princeton University: "It's hard to conduct a proper mode of government in a society in which a large proportion of relationships are legal but would be suspect in public life."

Mr. Walker says he believes the administration's ethical problem is not one of having enlisted too many men and women from industry. Countless businessmen have served and are serving government with distinction, he notes. "It's not a public/private sector thing, but a manifestation of the fact that administration appointees and appointers do not have a respect for the enterprise of government," Walker says.

With respect to nominations for attorney general, Walker points out, it used to be standard for a new appointee to consult with the office of legal counsel in the Justice Department about conflict-of-interest matters. William French Smith did not go through this process.

Viewed historically, scholars say, the trend of ethics in government is generally in a forward direction. There have been periods of egregious scandal and graft followed by periods of reform. The cleanup in the early 20th century, for example, was once such reform wave. The reforms after Watergate were another.

"If you iron out the blips [the periodic lapses by individual officials], the standards in government have steadily gone up," says political scientist James Sundquist of the Brookings Institution. "We have professionalized many jobs that used to be given out on a patronage basis. The civil service has been reformed. Congressional ethics are also vastly better than before."

President Reagan's style in dealing with charges of wrongdoing has been strongly to back the individual under fire. This has helped convey a sense of Mr. Reagan's loyalty to those who serve him and keeps morale high. But, in the end, those tainted by scandal have ended up leaving.

"Reagan does get rid of them," says one observer, "but gives indication he does not do it willingly. Politically, it is possible he has managed such situations well."

Reagan's vulnerability on the Meese issue depends on what emerges from the Justice Department investigation and any inquiry by a special prosecutor. Republican political observers suggest that even if Meese is cleared, he may decide not to take the job in order to spare the President political embarrassment in the election.

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NEW YORK TIMES 26 March 1984

FILE ONLY -Del

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ABROAD AT HOME

Ten Blind Meese

By Anthony Lewis

BOSTON, March 25 — The Edwin Meese affair throws light on a curious feature of the Reagan Administration. A number of its ranking officials, not only Mr. Meese, have had financial dealings of a kind that trouble the public but that evidently give them no feeling of wrongdoing. They seem insensitive — that is putting it gently — to traditional expectations of ethical behavior.

Consider Mr. Meese's remarks when he asked that a special prosecutor look into his conduct. He said he had been the victim of "baseless charges" and "systematic character assassination." But the basic facts of his financial dealings are not in dispute; Mr. Meese belatedly disclosed them himself. So his outrage must be directed at the idea that there is something wrong in what he did. What did he do?

On Jan. 7, 1981, 13 days before Mr. Meese moved into an office in the White House, his wife got a $15,000 loan — without interest — from a family friend, Edwin Thomas. The money was used to buy shares of stock for the Meese children. The Ethics in Government Act required Mr. Meese to list that loan on a financial disclosure form, but he "inadvertently" forgot to do so. Could he have forgotten because it was made so long ago — Jan. 7, 1981? Because it was so commonplace for him to get interest-free loans to buy stock for the children?

The lender, Mr. Thomas, was appointed Mr. Meese's deputy in the White House. Mrs. Thomas got a Federal job, too. So did their son Tad, 22 years old: a $16,559-a-year position in the Labor Department.

Four other people involved in loans or gifts to Mr. Meese also got Government jobs. Two of them were officers of a savings and loan association that at one point let Mr. Meese fall 34 payments behind on mortgage loans of more than $500,000.

Is it "character assassination" to think there is something questionable about those admitted facts? On the contrary, most Americans would find it hard to believe that getting interest-free loans from a friend to buy stock, and having the friend, his wife and son end up in Government jobs, is so ordinary as to be forgettable.

But in the context of the Reagan Administration the Meese financial pattern may indeed be unremarkable. Benjamin Taylor of the Boston Globe ran down the record the other day.

Thomas C. Reed, who was deputy national security adviser to the President, was forced to resign when the S.E.C. found that he had made $427,000 on a $3,125 investment based on inside information.

Max Hugel, deputy director of the C.I.A., resigned when faced with allegations of fraudulent stock dealing before he entered government.

Paul Thayer, deputy Secretary of Defense, resigned when the S.E.C. brought a proceeding charging him with illegal insider trading.

Guy W. Fiske, deputy Secretary of Commerce, resigned after allegations that he was negotiating to sell U.S. weather satellites to a company with which he was seeking a job.

Robert P. Nimmo, head of the Veterans Administration, resigned and paid back $6,441 for improper use of his official car.

Richard Allen, President Reagan's first national security adviser, resigned when found to have accepted $1,000 and three watches from representatives of a Japanese magazine for whom he arranged an interview with Nancy Reagan.

At the Environmental Protection Agency the administrator, Anne Burford, resigned over policy failures, and the assistant administrator, Rita Lavelle, was convicted of perjury; two others resigned over financial matters: Matthew Novick, inspector general, who allegedly asked E.P.A. employees to work on personal business for him, and James Sanderson, adviser to Mrs. Burford, who participated in agency decisions that benefited corporations he represented.

Two high officials remain in their jobs although they were forced to conform their financial behavior to ethical standards.

William J. Casey, Director of Central Intelligence, traded more than $3 million in shares in the stock market while in office. Only when senators complained of his behavior did he follow the usual practice of putting his holding in a blind trust.

William French Smith, Attorney General, agreed to limit a huge tax write-off he expected from a tax-shelter investment, and he was forced to return a $50,000 severance payment from a company on whose board he had served. Lately his own Justice Department reportedly investigated charges that his wife misused an official limousine for personal trips, and he has repaid the Government for the cost.

It is an astonishing record of sleaziness, of casual disregard for the proprieties of public life. There has been nothing like it in Washington for years: such a parade of public men seeking private gain.

The other remarkable thing about it is the attitude of the President who appointed the greedy men to office. Has there been a word of regret from Ronald Reagan, a word to remind his Administration that those who hold office must be beyond suspicion? As in so many other areas, he has slipped away from responsibility.

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BOSTON GLOBE
21 March 1984

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STAT

Meese and the ethics issue

Democrats see Reagan pattern, plan an offensive

By Benjamin Taylor
Globe Staff

WASHINGTON – The conduct of presidential counsel Edwin Meese 3d, President Ronald Reagan's nominee for Attorney General, is the latest in a series of ethical and legal controversies during the Reagan Administration that the Democratic Party hopes to make an issue in the 1984 campaign.

[At the same time, senior White House officials have become increasingly pessimistic about Meese's chances of winning confirmation. His financial dealings have come under the scrutiny of the Senate Judiciary Committee. Page 3.]

More than 50 Reagan appointees have been charged with criminal wrongdoing, abuse of power or unethical conduct, according to lists prepared by the House Civil Service subcommittee, of which Rep. Patricia Schroeder (D-Colo.) is chairman.

Twenty-five Administration appointees have been forced to resign under a cloud of suspicion or were dismissed. One, Rita M. Lavelle, a former assistant administrator of the Environmental Protection Agency, has been convicted of perjury and sentenced to six months in prison.

Some Democrats contend the transgressions constitute a pattern of corruption that, with the exception of Watergate and the Teapot Dome scandal during Warren G. Harding's Administration, is unparalleled in modern presidential politics.

While such charges may be a bit of partisan hyperbole, there is no question, for instance, that ethical and legal problems in the Reagan Administration have been far more widespread than in the presidency of Jimmy Carter. Under Carter, the only major incidents involved Bert Lance, the former budget director; Carter's brother, Billy, and Hamilton Jordan, the White House chief of staff, who was investigated for alleged drug use.

But many Democrats concede that, at least until the latest allegations concerning Meese – Reagan's close and longtime political ally – the Administration has not suffered major political damage as a result of the string of stories about corruption in the Administration.

The President "has perfected the first Teflon-coated presidency," Rep. Schroeder likes to say. "Nothing has stuck."

Republican strategists argue that the Meese controversy is still largely a Washington story and that because it is breaking now and not later in the year it has not hurt Reagan's chances for re-election. They also argue that the larger issue of corruption has not stuck to the President because, in the words of one GOP strategist, "People understand that the President is fundamentally an honest man."

Nevertheless, several Democrats, including Rep. Tony Coelho (D-Calif.), chairman of the Democratic Congressional Campaign Committee, indicated they intend to make morality in government an issue in the 1984 election. Coelho announced yesterday that the Democratic Party is producing television commercials spotlighting "ethical and moral" lapses by officials in the Reagan Administration.

In the short run, Democrats point out, the Meese probe raises a negative issue for the Administration at a time when Reagan hoped simply to sit back and watch Walter F. Mondale and Gary W. Hart cut each other to shreds in their battle for the Democratic nomination.

Because Meese was chief of staff of the Reagan campaign in 1980, the investigation into Meese's possible role in and knowledge of how Carter campaign material fell into the hands of the Reagan camp before the climactic 1980 Cleveland debate means that questions surrounding "Debategate" will not go away as the Republicans had hoped.

In the view of Kirk O'Donnell, the top political aide to House Speaker Thomas P. O'Neill Jr., the Meese controversy, when coupled with previous allegations involving other Reagan officials, has made "conflict of interest and potential corruption in this Administration the biggest thing since Nixon and Watergate."

The numbers alone are indeed impressive.

Richard V. Allen, Reagan's first national security adviser, was forced to resign when it was learned that he accepted $1000 and three watches from a Japanese magazine that arranged an interview with Nancy Reagan through Allen.

Allegations that the EPA was making decisions based on political considerations resulted in several resignations. Among them were Anne M. Burford, administrator of the EPA; Lavelle, who was convicted of lying to a House committee; John Hernandez, who allegedly showed an EPA report critical of the Dow Chemical Co. to the company and allowed Dow officials to edit it; Matthew N. Novick, the investigator general of the EPA, who allegedly asked EPA workers to work on his personal business; James W. Sanderson, the Burford adviser who participated in EPA decisions while representing corporations that were the beneficiaries of those decisions, and others.

Continued

Max Hugel, the onetime No. 2 man at the CIA, was forced to resign following allegations that he was engaged in fraudulent stock dealing before taking office.

Deputy Defense Secretary W. Paul Thayer was forced to resign after an insider-trading suit was filed against him by the Securities and Exchange Commission.

Thomas C. Reed, Reagan's deputy national security adviser, was forced to resign after the SEC determined that he had made $427,000 on a $3125 investment that the SEC said was based on inside information. Reed signed a consent decree agreeing to give up the profit.

Deputy Commerce Secretary Guy W. Fiske resigned following allegations that he was negotiating the sale of weather satellites to a company with which he was negotiating for a job.

Robert P. Nimmo, administrator of the Veterans Administration, resigned and was forced to reimburse the government $6441 for improper use of his official car. He also spent $54,000 in federal funds to redecorate his office and then sent his old furniture to his daughter, Mary Nimmo, a spokesman for the Commerce Department.

Presidential scheduler Joseph W. Canzeri resigned after disclosures that he double-billed his travel expenses to the Republican National Committee and the White House and that he had received $200,000 in loans at favorable rates from Laurance Rockefeller and California developer Donald Koll to buy a house in Georgetown.

There also have been several instances of Administration officials who have come under a cloud of suspicion but who have not left.

William J. Casey, the director of central intelligence, who traded more than $3 million in stock in 1982, agreed to place his holdings in a blind trust the following year, but only after the Senate threatened to pass a resolution demanding that he set up such a trust. Such a move is routinely taken by senior Administration officials to avoid charges that they have taken advantage of insider stock tips.

Attorney General William French Smith, the man whom Meese, if confirmed, would replace, was forced to return a $50,000 severance payment from a company for which he had been a member of the board of directors. He also agreed to limit a controversial tax write-off as a result of a $16,500 investment he made in December 1981 that originally would have netted him a $66,000 tax write-off.

Charles Z. Wick, director of the US Information Agency, secretly taped telephone conversations with other government officials and later said he had done it in private business.

Theories differ as to why Reagan's Administration has been so scandal-ridden and why, to date, it has not seemed to hurt the President politically.

On the first question, one former Administration official suggested that the problem was that Reagan brought a lot of rich businessmen to Washington who were "used to certain perks" in private life and were not accustomed to the more stringent requirements of public life.

Schroeder said Reagan himself has set a tone that created the problems by defending the transgressors to the end and by not practicing what he preaches. As examples, she pointed to his strong endorsement of school prayer while he rarely goes to church and his suggestion that people give to charity while his income tax returns indicate that he has made only minor charitable deductions in recent years.

Rep. Barney Frank (D-Mass.) said there are "things you can do with your own money that you can't do with public money." He said many people who joined the Reagan Administration didn't have a "good sense of public ethics."

He attributed this problem – and Reagan's ability thus far to remain above the scandals – to the President's detached brand of leadership.

This is one thesis with which the President might agree.

When asked recently whether any of the people who got federal jobs after helping Meese out with his finances were appointed by him because of their help for Meese, Reagan said, "No, as a matter of fact, I didn't even know about that. I don't inquire into the private affairs of the people around me."

WASHINGTON POST
18 March 1984

FILE ONLY

STAT

Joseph Kraft

Meese and the Appearance of Justice

"Justice must satisfy the appearance of justice," Felix Frankfurter once wrote, and that comment explains why relatively trivial improprieties have cast a dark shadow over the nomination of Edwin Meese to be attorney general.

For the Meese infractions, however innocuous, clash sharply with claims to stand for law and order. The longer the confirmation process drags out, furthermore, the more it brings back to the public mind the manifold other examples of sleaziness that mark the record of the Reagan administration.

Three incidents make up the indictment against the president's chief political counselor. First, Meese received loans amounting to $60,000 from a personal tax consultant who was subsequently made a member, and then chairman, of the Board of Governors of the U.S. Postal Service.

Second, a number of concessional arrangements were made in connection with the sale by Meese of his home in California. Among other things Meese did not pay interest charges on a mortgage for 15 months, and somebody else absorbed the loss in the transaction. The real estate man involved was made assistant secretary of the interior. The head of the bank became a member of the American delegation to the U.N. General Assembly.

Third, Meese failed to report a loan of $15,000 from Edwin Thomas, a former assistant at the White House who was later appointed to head the San Francisco office of the General Services Administration. The failure to report violated the 1978 Ethics in Government Act.

Lots of pots would have to call a kettle black for the Senate to be truly shocked by these transactions. They all involve the trading of favors at a low level. That is the regular business of professional pols.

But the attorney general is the American equivalent of what other countries call a minister of justice. The office chiefly involves decisions about what cases to prosecute and what cases not to prosecute. While political figures used to be named to the office, it has long since been generally recognized that different qualities are required. The final report of the Watergate prosecutor argued strongly against the appointment of pols to the top job at Justice. Edward Levi, when asked by President Ford before being appointed attorney general what the Justice Department most needed, replied: "A soul."

The need for soul applies with particular force to an administration that advertises dedication to law and order. For the smell of brimstone goes with that claim. It raises apprehensions that the dark powers of the state will be marshaled against political foes. The propensity to throw the statute book demands an offsetting balance of competence, probity and fair-mindedness. Even more than Caesar's wife, the attorney general in a law-and-order administration must be above suspicion.

Especially since the Reagan administration is going after white-collar crime in a big way. The outgoing attorney general, William French Smith, has repeatedly argued that vigorous enforcement of the drug laws is required to prevent corruption of public officials. Under his leadership, the Justice Department has been positively intrusive in pursuing legislators, judges and businessmen suspected of wrongdoing.

A criminal indictment, in fact, was brought against a sitting Republican congressman, George Hansen of Idaho, for precisely the infraction Meese acknowledges—failure to report transactions in keeping with the Ethics in Government Act. In supporting the indictment, the Justice Department argued that the statute was designed to "increase public confidence in all three branches of government."

Maybe there is a good explanation for the reporting delinquency, and for the habit of giving federal appointments to those who have given financial favors. Meese is due for another day before the Senate Judiciary Committee. If he acquits himself, he should be promptly confirmed. For his stand on such issues as civil liberties and civil rights, while unenlightened, is no bar to service as attorney general.

But if doubts on his integrity persist, committee members have a duty to fight the nomination. Delaying tactics such as appointment of a special prosecutor to look into the case make sense. So does thorough scrutiny of the alleged Meese role in the alleged filching of the Carter campaign documents.

For the Meese case is not an isolated example of hanky-panky in high places. President Reagan keeps at the Central Intelligence Agency a director who was in and out of the stock market while serving at the CIA. He had a deputy secretary of defense who was indicted for insider-trading. He had a national security adviser who took watches from Japanese businessmen. If on top of all that Reagan and Meese try to tough out a weak case, the public should know that the appointment of a pol to the Justice Department is only one more blot on a long record of sleaziness.

ARTICLE APPEARED
ON PAGE A-18

WASHINGTON POST
10 February 1984

STAT

Blind Trust v. Disclosure

The Washington Post's reportage on my rebuttal of remarks by Sen. Gary Hart ["Casey Says Hart's Criticism of Finances is 'Demagoguery'," Jan. 30] omitted some salient points.

In response to Sen. Hart's citing as improper my not placing my securities in a blind trust, I pointed out in a brief statement that Sen. Hart had sat in the Senate when the mandatory blind trust idea was rejected and disclosure established instead as the appropriate method to protect the public interest when officials sell or buy property.

The purpose of my statement was to call attention to the fact that Sen. Hart was there when the rules were established and now cries foul at transactions that were contemplated at the time and were handled in every respect in conformity with those rules.

The story in The Post managed to entirely omit this central point, while reiterating Sen. Hart's politically motivated charges.

WILLIAM J. CASEY
Director
Central Intelligence Agency

Washington

UNITED PRESS INTERNATIONAL
3 February 1984

FILE ONLY

STAT

WASHINGTON
METZENBAUM URGES DEMOCRATS TO CAMPAIGN ON ETHICS
BY STEVE GERSTEL

Sen. Howard Metzenbaum, D-Ohio, wants Democrats to use the administration's ''unprecedented record of illegal and ethical misconduct'' in the 1984 election campaign against President Reagan and other Republicans.

Metzenbaum said 41 administration officials have been ''implicated in conflicts of interest, illegal activity, misuse of government funds or other ethical misconduct.''

Among those fingered by Metzenbaum were retiring Attorney General William French Smith, CIA Director William Casey, Navy Secretary John Lehman, White House deputy chief of staff Michael Deaver, Labor Secretary Raymond Donovan and and U.S. Information Agency Director Charles Wick.

''I believe that the widespread and frankly scandalous unethical or illegal conduct by top officials of this administration is an explosive issue,'' Metzenbaum said in a letter to Democratic colleagues.

''It can and should be responsibly used to our party's advantage in the upcoming presidential and Senate campaign.''

Sen. Gary Hart of Colorado, campaigning for the Democratic presidential nomination, has already attacked the administration on the same grounds.

Metzenbaum, citing cases in the Truman, Eisenhower, Nixon and Carter eras, said, ''In past administrations, instances of improper conduct have been quickly and sharply denounced. But this administration, which has an unmatched record of illegal and ethical misconduct, has managed to escape the criticism of the

''We should not permit the president to avoid the issue over the next few months. We can and should shine a bright spotlight on the unprecedented degree of illegal and and unethical activity by his appointees.''

Of the 41 listed by Metzenbaum, he said 22 have been implicated in conflicts of interest, seven have allegedly misused government funds or personnel and three have engaged in illegal inside trading.

''Nine others have been implicated in activities ranging from bribery to perjury to illegal wiretapping,'' Metzenbaum said.

Among those named by Metzenbaum:

-Smith for claiming excessive tax deductions from tax shelter investment and receiving $50,000 severance pay from his former company after he joined the government.

-Casey for refusing to place financial holdings in a blind trust, including investments in firms with CIA business. He has since placed his investments in a blind trust.

continued

-Lehman for selling interest in a consulting firm that works for major defense firms on condition that he could repurchase his interest after he leaves government.

-Deaver for writing a diet book that could have pushed his outside earnings over the annual limit. Metzenbaum said, ''Deaver sidestepped this problem by contracting to be paid only the maximum allowed per year while in office.''

-Donovan for ''alleged connections with organized crime, alleged bribery, while in private sector.''

-Wick for taping private telephone conversations.

Those listed by Metzenbaum for conflict of interest: Lehman; former national security adviser Richard Allen; former Deputy Secretary of Commerce Guy Fiske; former deputy assistant to the president Joseph Canzeri; former EPA adviser James Sanderson; former Food and Drug Commissioner Arthur Hull Hayes; Assistant Secretary of State James Malone; former Assistant Secretary of Commerce Carlos Campbell; Director of Bureau of Land Management Robert Burford; Federal Trade Commission Chairman James Miller; former Deputy EPA Director John Hernandez; former Undersecretary of Treasury for tax and economic affairs Norman True.

Those listed for misuse of government funds: Smith; Casey; former head of Veterans Administration Robert Nimmo; former HUD Assistant Secretary Emanual Sevas; director of HUD office, San Francisco, Bill Sloan; Consumer Products Safety Commission Chairwoman Nancy Harvey Steorts; HUD Undersecretary Donald Hovde; Legal Services Corp. Chairman William Harvey; White House Science Adviser Edward Teller; Small Business Administration chairman Michael Cardenas; Assistant Defense Secretary Richard Perle; Assistant Attorney General William Baxter; Deputy Secretary of State Kenneth Dam; Federal Energy Regulatory Commission Chairman Charles Butler; Assistant Secretary of Agriculture John Crowell; and Dennis LeBlanc, associate administrator at the Commerce Department.

Listed under miscellaneous: Donovan; Deaver; Wick; former Deputy Secretary of Defense Paul Thayer; former special assistant to the president Thomas Reed; former EPA Administrator Anne Burford; former assistant EPA Administrator Rita Lavelle; former Deputy CIA Director Max Hugel; former Federal Aviation Administration chief J. Lynn Helms; Peace Corps Director Loret Ruppe; Postal Governor John McKean; Legal Services Corp. President Donald Bogard, and James Harris, director of the Interior Department's Office of Surface Mining.

ARTICLE APPEARED
ON PAGE A-15

FILE ONLY

BALTIMORE SUN
2 February 1984

STAT

Some of the President's Men (and Women)

By Thomas Riehle

Washington.

IS THERE a scandal brewing at the EPA [Environmental Protection Agency]?" a reporter shouted to President Reagan at a photo session a year ago. No, Mr. Reagan responded, the only scandal was the news media's coverage of the agency's problems. The president underestimated the scandal's staying power. Within months, virtually the entire top echelon of the agency had been fired. But that was the exception. From the resignation of former CIA deputy director Max C. Hugel in July, 1981, to the resignation of Deputy Defense Secretary W. Paul Thayer last month, other scandals involving Reagan administration officials have been shrugged off by the public. Here are 40 whose actions before or after taking office briefly put the administration in a bad light, apparently without permanently affecting the public's assessment of Mr. Reagan.

******

William J. Casey, director of the CIA, traded more than $3 million in stock in 1982. Most government officials put their holdings in a "blind trust" to avoid charges that information gained on the job is being used for personal gain. Mr. Casey avoided doing that until July, 1983, after the Senate threatened to pass a resolution demanding that he do so. Mr. Casey also had to make amendments to his financial disclosure statement to take care of significant omissions.

******

Thomas Riehle is an associate editor at the National Journal, *from which this article is reprinted with permission.*

EXCERPTED

ARTICLE APPEARED
ON PAGE A-7

WASHINGTON POST
1 February 1984

FILE ONLY

[redacted]

STAT

Early Goldwater Letter Urged Casey to Set Up Blind Trust

By George Lardner Jr.
Washington Post Staff Writer

Sen. Barry Goldwater (R-Ariz.) urged CIA Director William J. Casey to bring "a halt to the same old routine" of congressional hand-wringing about his investments and to put his holdings in a blind trust about a year before Casey finally did so.

"You and I aren't exactly children anymore," Goldwater told Casey in a July 12, 1982, letter made public as the result of a lawsuit under the Freedom of Information Act. "Our lives have been pretty well spent, and although we both look forward to many more years, as the saying goes, 'You can't take it with you,' so why don't you put it in a blind trust?"

Goldwater, chairman of the Senate Intelligence Committee, wrote the letter after reading reports of Casey's 1982 decision to set up a CIA screening system to identify potential conflicts between Casey's duties and his holdings.

Foreseeing headaches, Goldwater warned that any time the monitoring group at the CIA said anything, "someone on the Intelligence Committee is going to demand a hearing which I am going to have to grant and you are going to have to be subjected to the same old routine" of questioning about financial dealings.

The screening arrangement apparently was undercut last year by reaction to Casey's 1982 annual report. It showed that millions of dollars in stocks and securities had been bought and sold for Casey during the summer of 1982 as the stock market was beginning a major advance. Capitol Hill inquiries promptly followed, much as Goldwater predicted. Casey announced last July that he was putting his holdings in a blind trust, which was put into effect Oct. 7.

ASSOCIATED PRESS
31 January 1984
FILE ON[redacted]

WASHINGTON
GOLDWATER URGED CASEY TO SET UP BLIND TRUST
BY MICHAEL J. SNIFFEN

STAT

More than a year before CIA Director William J. Casey bo[redacted] congressional pressure and put his stock holdings in a blind trust, he received some advice from his old friend, Sen. Barry Goldwater: "'You can't take it with you,' so why don't you put it in a trust?"

Goldwater, a fellow Republican and chairman of the Senate Intelligence Committee, which had already looked into Casey's finances more than once, offered the advice in a July 12, 1982 letter, addressed "Dear Bill."

But Casey declined the advice at that time, suggesting in a response to the Arizona senator that he might set a precedent that could be applied to members of the House and Senate intelligence panels, who receive intelligence briefings.

Casey did not put his holdings into a blind trust until October 1983, when Sen. Carl Levin, D-Mich., a member of Senate Intelligence Committee, was discussing a Senate resolution urging Casey to do so.

"You and I aren't exactly children anymore," Goldwater, then 73, wrote Casey, then 69, in 1982. "Our lives have pretty well been spent, and although we both look forward to many more years, as the saying goes, 'You can't take it with you,' so why don't you put it in a trust?"

Goldwater wrote Casey that he had just learned that a CIA group had been set up to monitor Casey's finances, although Goldwater said he did not know its composition.

The group was set up by the CIA in May, 1982 to ensure that Casey did not use information he had access to as chief of U.S. intelligence to enrich himself through stock trades. Unlike his two predecessors at the CIA and unlike most other top Reagan administration officials with access to the most secret intelligence, Casey had refused to set up a blind trust and retained control of his multimillion-dollar stock portfolio.

Casey said trusts were not required under the Ethics in Government Act and that his stock adviser made virtually all the trading decisions anyway.

But, noting the new monitoring group, Goldwater wrote:

"Bill, just as a piece of advice, why don't you take all of your funds and put them in a blind trust? That is going to eliminate any question about what you do or don't do and, while I know it is not required, I think it would make good sense for you to do this, because anytime this group says anything about your background on money, someone on the Intelligence Committee is going to demand a hearing which I am going to have to grant and you are going to have to be subjected to the same old routine you went through before."

On July 20, Casey replied to Goldwater: "I agree with the concluding paragraph of your letter that 'we can't take it with us.' You will agree that if I were concerned about taking it with me or piling it up, there are other ways I could spend my time to greater effect."

CONTINUED

WASHINGTON TIMES
30 January 1984

FILE ONLY
DCI

Casey calls Hart attack case of 'demagoguery'

The Associated Press

CIA Director William Casey yesterday defended his handling of personal investments and accused Democratic presidential hopeful Gary Hart of "demagoguery" for suggesting impropriety.

Mr. Casey, in a telephone call to the Associated Press, read a statement of response to the Colorado senator's comments made Saturday in Iowa. Mr. Casey said he was prompted by accounts in Sunday newspapers of Mr. Hart's remarks.

Mr. Hart accused President Reagan of demonstrating "contempt for the public trust" by tolerating unethical behavior and abuses of power within his administration.

Among the examples he cited were charges that Mr. Casey traded $3 million in stocks while his government position gave him intelligence information about their likely value and Mr. Casey's reluctance to put the holdings in a blind trust until pressured to do so.

Mr. Casey, in his statement, said: "Gary Hart, in pursuit of his political ambition, has called improper the sale of securities I owned before accepting my present position, the bulk of them for 25 years, and the reinvestment of the proceeds by an independent investment adviser. In this bit of demagoguery, Hart shows ignorance and disregard for the law of the land as enacted while he sat in the Senate."

Mr. Casey said Congress rejected requiring government officials to establish blind trusts for their holdings and instead required mandatory disclosure of transactions.

"It's rather shabby for Hart now to call improper transactions contemplated by and handled in every respect in compliance with a federal statute which he participated in enacting," Mr. Casey said.

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ON PAGE A-12

NEW YORK TIMES
30 January 1984

FILE ONLY

DCI

STAT

Casey Rebuts Charges By Hart as Demogogic

WASHINGTON, Jan. 29 (AP) — William Casey, the director of central intelligence, today defended his handling of personal investments and accused Democratic Presidential candidate Senator Gary Hart of "demagoguery" for suggesting impropriety.

Mr. Casey, in a telephone call to The Associated Press, read a statement of response to comments the Colorado Democrat made Saturday in Iowa. Mr. Casey said his answer was prompted by news accounts of Mr. Hart's remarks that he read in today's Sunday newspapers.

Senator Hart accused President Reagan of demonstrating "contempt for the public trust" by tolerating unethical behavior and abuses of power within his Administration.

Among the examples he cited were charges that Mr. Casey traded $3 million in stocks while his Government position gave him intelligence information about their likely value, and his reluctance to put the holdings in a blind trust.

A-3

BALTIMORE SUN
29 January 1984

FILE ONLY DC

STAT

Reagan condones aides' 'abuses,' Hart says

By Fred Barnes
Washington Bureau of The Sun

Washington — In the harshest attack yet on President Reagan by a Democratic presidential contender, Senator Gary Hart of Colorado charged yesterday that Watergate-like corruption is rampant in the Reagan administration and accused the president of condoning it.

"Abuse of government has become a way of life in this administration, yet it seems to concern no one very much, including the president himself," Mr. Hart said. "I think it should."

In the last three years, "almost 50 high-ranking officials of the Reagan administration have faced serious allegations involving criminal wrongdoing, unethical behavior or abuses of power and privilege," he said. "These are not low- or middle-level bureaucrats. These are the most senior administration officials.

"The president must be called to account," Mr. Hart said. "Such a persistent pattern of wrongdoing can only suggest this president condones wrongdoing by subordinates. . . . It's time we challenged the president: If you don't know what is going on, you should; if you do know what's going on, you have betrayed the American people."

Mr. Hart spoke in Cedar Rapids, Iowa, where he was campaigning for support in Iowa's February 20 caucuses, the first in the nation. A text of the address was released by his campaign office here.

> **"It's time the responsibility be placed on the administration's chief executive."**
>
> **—Senator Gary Hart**

For weeks, Mr. Hart has been spiking his speeches with accusations of widespread corruption in the Reagan administration, but yesterday was the first time he, or any other candidate in the Democratic presidential contest, had concentrated an entire speech on the subject.

Mr. Hart took the step as part of his attempt to set himself apart from the other five contenders in the so-called second tier. In a speech Thursday, Mr. Hart called most of his competitors, including front-runners Walter F. Mondale and Senator John H. Glenn, Jr., "establishment politicians" similar to Mr. Reagan.

Mr. Hart, who characterizes himself as the candidate of a "new generation," was not subtle in linking the Reagan administration and the Watergate scandals of the Nixon administration.

He called Watergate "the worst political scandal in our nation's history. . . . Now, 10 years later, the lessons of that traumatic period in our history seem to have been forgotten. Once again, we are hearing about political hit lists, about secrecy oaths and lie detectors, about favoritism in high places, about illicit taping of official conversations and about lying by senior administration officials.

"Once again, government officials are betraying the public trust they hold. And once again, allegations of official misconduct are followed by pronouncements of presidential confidence and support."

The senator devoted nearly half his speech to listing the alleged wrongdoers in the Reagan administration, citing CIA Director William J. Casey for refusing to put his investments in a blind trust and presidential counselor Edwin W. Meese III for arranging a loan from a man later appointed to the Postal Service Commission. Mr. Reagan last week nominated Mr. Meese as attorney general.

Mr. Hart also named Paul Thayer, the deputy defense secretary who quit the day before he was charged by the Securities and Exchange Commission with illegal stock-dealing, and Michael K. Deaver, White House deputy chief of staff, for using his "White House celebrity to promote a diet book and arrange a contract for its sale."

"Many other examples exist," the senator said, "but the point is clear. . . . Such a record demonstrates contempt for the public trust."

In this country, he said, "we can no longer tolerate an administration which keeps people in office as long as they cannot be found guilty of criminal offenses. . . . It's time the responsibility be placed on the administration's chief executive, the man ultimately responsible for the behavior of his appointees."

ARTICLE APPEARED ON PAGE A-16

NEW YORK TIMES
29 January 1984

FILE ONLY

DCI

STAT

HART DENOUNCES REAGAN ON 'ABUSE'

Democrat Lists 48 Officials as the Targets of Allegations of Various Wrongdoing

By FRANK LYNN
Special to The New York Times

CEDAR RAPIDS, Jan. 28 — Senator Gary Hart today charged that "abuse of Government has become a way of life" in the Reagan Administration and has listed 48 officials who he said had been targets of allegations of "criminal wrongdoing, unethical behavior or abuses of power and privilege."

The Coloradan, one of eight contenders for the Democratic Presidential nomination, said that 12 years after Watergate "the lessons of that traumatic period in our history seem to have been forgotten."

"Once again," Mr. Hart said, "we are hearing about political hit lists, about secrecy oaths and lie detectors, about favoritism in high places, about illicit taping of official conversations and about lying by senior Government officials. Once again, Government officials are betraying the public trust they hold, and once again, allegations of official misconduct are followed by pronouncements of Presidential confidence and support."

Speech Before Students

Mr. Hart's unusually strong attack on the President, on the eve of Mr. Reagan's announcement on his political plans represented another effort to detach himself from the crowded field of Democratic Presidential hopefuls by raising an issue that has not been aired by the other contenders.

Among Reagan Administration officials who Senator Hart listed as targets of various allegations were Rita M. Lavelle, former head of the Environmental Protection Administration toxic waste cleanup unit, who has been convicted of perjury and obstruction of justice; and 10 other agency officials who resigned under fire or were dismissed.

In addition, he listed William J. Casey, the Director of Central Intelligence, who, the Senator said, "resisted" putting his stock holdings into a blind trust until last year, meanwhile trading more than $3 million in stock in 1982, and Paul Thayer, who resigned as Deputy Secretary of Defense before the Securities and Exchange Commission charged him with releasing insider information on stocks.

Senator Hart also listed Labor Secretary Raymond J. Donovan as the target of allegations of involvement in union corruption and connections with organized crime figures, and the outgoing Attorney General, William French Smith. Senator Hart said Mr. Smith "participated in a tax shelter deemed impermissible by the Internal Revenue Service" and received a $50,000 severance payment, since returned, from a company on whose board he served. Mr. Hart further said that Edwin Meese 3d, the Attorney General-designate, had received a loan arranged by an accountant who was later appointed to the Postal Service Board of Directors.

BOSTON SUNDAY GLOBE
29 January 1984
FILE ONLY

STAT

Hart blames Reagan for ethical problems

By Eric Woolson
United Press International

CEDAR RAPIDS, Iowa – Democratic presidential contender Sen. Gary W. Hart (Colo.), comparing the Reagan Administration to that of former President Richard Nixon, yesterday accused the President of tolerating criminality and unethical behavior by his appointees.

"Once again, government officials are betraying the public trust they hold," Hart charged, saying the lessons of Watergate have been forgotten.

"And once again, allegations of official misconduct are followed by pronouncements of presidential confidence and support," said Hart in a speech to the George Washington High School Debate Society.

Hart made his initial charges of corruption in the Administration two weeks ago in Shenandoah, Iowa, promising to detail them later. The speech yesterday provided the specifics.

"To date, almost 50 high-ranking officials of the Reagan Administration have faced serious allegations involving criminal wrongdoing, unethical behavior, or abuses of power and privilege," he said.

"Ronald Reagan can blame Congress for his runaway deficits," Hart said. "He can blame other nations for his own foreign policy failures, but he cannot blame anyone other than himself for the ethical problems of his own people."

He mentioned the case of former EPA official Rita Lavelle, who was fired from her job heading the agency's toxic waste program and later convicted of perjury concerning her testimony to Congress. But Hart did not mention Lavelle by name:

"At least one former high-ranking official faces a jail sentence and at least 10 former high-ranking officials resigned or were fired in the wake of major allegations of wrongdoing," Hart said of the EPA.

Hart said electing a new Administration is "the best way to deal with the greed and selfishness within the Reagan Administration."

Hart said the Reagan officials alleged to have been involved in some form of improper behavior "are not low or middle-level bureaucrats. ... I'm talking about the President's counselor, the director of the CIA, the Attorney General, the secretary of the Navy – to name a few."

Among other cases cited by Hart were former Deputy Secretary of Defense Paul Thayer, under investigation for possibly leaking inside stock information to outsiders; CIA director William Casey, criticized for refusing, until July 1983, to put his investment holdings in a blind trust; Attorney General William French Smith, a participant in a tax shelter "deemed impermissible by the Internal Revenue Service"; presidential counselor Edwin Meese 3d, a recipient of a loan arranged by an accountant who was subsequently appointed to the Postal Service board of directors; and US Information Agency Director Charles Wick, who secretly taped telephone conversations.

Hart planned to travel to other eastern Iowa cities after leaving Cedar Rapids. Tonight, he plans to take part in a forum in Dubuque with two other Democratic contenders, former senator George S. McGovern and Sen. Alan M. Cranston.

ASSOCIATED PRESS
29 January 1984

FILE ONLY

WASHINGTON

CASEY RESPONDES TO 'DEMOGOGUERY' BY HART

CIA Director William Casey defended on Sunday his handling of personal investments and accused Democratic presidential hopeful Gary Hart of "demagoguery" for suggesting impropriety.

Casey, in a telephone call to The Associated Press, read a statement of response to the Colorado senator's comments on Saturday in Iowa. Casey said he was prompted by news accounts of Hart's remarks that he read in Sunday newspapers.

Hart accused President Reagan of demonstrating "contempt for the public trust" by tolerating unethical behavior and abuses of power within his administration.

Among the examples he cited were charges that Casey traded $3 million in stocks while his government position gave him intelligence information about their likely value and Casey's reluctance to put the holdings in a blind trust until pressured to do so by the Republican-led Senate.

Casey, in his statement, said: "Gary Hart, in pursuit of his political ambition, has called improper the sale of securities I owned before accepting my present position, the bulk of them for 25 years, and the reinvestment of the proceeds by an independent investment adviser. In this bit of demagoguery, Hart shows ignorance and disregard for the law of the land as enacted while he sat in the Senate."

Casey said Congress rejected requiring government officials to establish a blind trust for their holdings and instead required mandatory disclosure of transactions.

"It's rather shabby for Hart now to call improper transactions contemplated by and handled in every respect in compliance with a federal statute which he participated in enacting," Casey said.

ASSOCIATED PRESS
20 November 1983

STAT

WASHINGTON
CASEY HELD STOCK IN 13 COMPANIES DOING BUSINESS WITH CIA
BY MICHAEL J. SNIFFEN

CIA Director William J. Casey says he had stock in 13 compani contracts ranging in value from $12 to $3,995,774.

In a letter published Sunday, Casey also said he "was not in any way involved in nor did I have any knowledge of any of the business these companies did with the CIA or the decisions of my investment adviser to acquire shares in these companies."

Commentings on his stock holdings as of the end of 1982 when he still retained full control over them, Casey said five of the companies had sales to the CIA ranging from $152,458 to $3,995,774. He said four companies had sales ranging from $2,517 to $12,477. The other four had sales of $12, $151, $479 and $968, he said.

Of the five companies with the largest CIA sales, Casey said, "Their CIA business was an infinitesimal portion of their muiltibillion-dollar total sales."

The letter, published in The Washington Post and verified Sunday by CIA spokesman Dale Peterson, was Casey's first response to CIA documents released last Sunday as a result of a Freedom of Information Act lawsuit.

Those documents disclosed for the first time that since Casey took over as head of the CIA in January 1981 he has maintained control over stock in companies with both classified and unclassified contracts with the agency.

Neither the documents nor Casey's letter identified the companies with such contracts.

The documents largely concerned efforts by CIA officials to ensure that there was no conflict of interest between Casey's holdings and his official actions. The documents showed that CIA officials and government ethics officers found no such conflict.

Casey noted this in his letter and added, "When I established a blind trust six weeks ago, the Office of Government Ethics scrutinized every one of my holdings placed in the trust and determined that not a single one of them was a holding of an issuer 'having substantial activities related to (my) primary area of responsibility."'

Documents on file with the Office of Government Ethics show that Casey established two blind trusts in October. Together, they contained 43 blocks of his stocks, notes and bonds and 11 holdings owned by his wife, Sophia.

The holdings Casey put into the trusts had a value of at least $3,435,000 and perhaps more than $7,065,000. The holdings Casey's wife put into the trusts had a value of between $770,000 and $1,865,000.

Exact amounts could not be determined because Casey was only required to disclose the value of the holdings within set ranges.

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ON PAGE A-8

WILMINGTON EVENING JOURNAL (DE)
15 November 1983

STAT

A CIA chief's portfolio is a very special Casey

IF YOU HAD ACCESS to secret government intelligence on global economic activity, should you be able to profit from it by playing the markets?

Imagine opportunities for financial killings! You'd have thousands of information-gatherers and analysts, paid at public expense, funneling information in your direction on supply and price trends in oil, grain, coffee, metals and anything else you might be interested in.

It's a speculator's dream. All that free staff would let you buy into products or companies at low prices before favorable news generally became known or to sell at high prices before negative data were public.

But, you say, I'm morally upright. I wouldn't take advantage of my fellow investors that way. Besides, I let my broker make most of the decisions — though, of course, my portfolio remains in my name.

That's the position taken by William J. Casey for more than two years as director of central intelligence. Unlike his two predecessors, and unlike other senior administration officials with access to secret intelligence, including the president, vice president, attorney general and the secretaries of state, treasury and defense, Casey persisted in controlling his stock portfolio and trading in the stock of firms doing business with the CIA.

Finally, Casey has put his holdings into a blind trust, taking the course followed by most other high officials.

There is no evidence that Casey in fact profited from inside information, but there is ample evidence of his insensitivity to the importance of public confidence in public officials.

In Washington or in Wilmington, those who accept the responsibilities of office must recognize the importance of bending over backward to maintain an arm's-length distance between their public roles and private economic interests.

It's not enough to know in your heart and proclaim from the housetops that you have done no wrong. Avoiding those conflicts of interest in the first place obviates the need for such declarations.

ARTICLE APPEARED
ON PAGE 2

14 November 1983

STAT

Newsmakers

William J. Casey has acquired stock in companies that do business with the CIA since he took over as head of the agency, according to CIA documents. In addition, the documents disclose that Casey had stock in firms with classified CIA contracts when he took office in January, 1981, and that since then, he has retained stock in firms with both classified and unclassified CIA contracts. The documents, obtained in a Freedom of Information Act lawsuit, show that CIA attorneys and government ethics officials have found no conflicts. Casey recently put his stock holdings in a blind trust.

File Only - DCI

ASSOCIATED PRESS
13 November 1983

WASHINGTON
CASEY ACQUIRED STOCK IN FIRMS WITH CIA BUSINESS
By MICHAEL J. SNIFFEN

STAT

WILLIAM J. CASEY HAS ACQUIRED STOCK IN COMPANIES THAT DO BUSINESS WITH THE CIA SINCE HE TOOK OVER AS HEAD OF THE AGENCY, ACCORDING TO CIA DOCUMENTS RECENTLY MADE PUBLIC.

THE DOCUMENTS ALSO DISCLOSE THAT CASEY HAD STOCK IN FIRMS WITH CLASSIFIED CIA CONTRACTS WHEN HE TOOK OFFICE IN JANUARY 1981, AND THAT SINCE THEN, HE HAS RETAINED STOCK IN FIRMS WITH BOTH CLASSIFIED AND UNCLASSIFIED CIA CONTRACTS.

MOST OF THE DOCUMENTS, OBTAINED IN A FREEDOM OF INFORMATION ACT LAWSUIT, RELATE TO CIA EFFORTS TO ENSURE THAT CASEY'S MULTIMILLION-DOLLAR STOCK HOLDINGS DO NOT POSE ANY CONFLICT OF INTEREST WITH HIS OFFICIAL DUTIES.

THE DOCUMENTS SHOW THAT CIA ATTORNEYS AND GOVERNMENT ETHICS OFFICIALS HAVE FOUND NO CONFLICTS.

DELETED FROM THE DOCUMENTS ARE THE NAMES OF COMPANIES WITH CIA CONTRACTS AND THE SIZE OF CASEY'S HOLDINGS.

THE SENATE AND HOUSE INTELLIGENCE COMMITTEES HAVE INQUIRED INTO CASEY'S FINANCES, IN PART BECAUSE HE DID NOT FOLLOW THE PROCEDURES CHOSEN BY HIS TWO PREDECESSORS AT CIA, ADM. STANSFIELD TURNER AND VICE PRESIDENT GEORGE BUSH, AND BY OTHER SENIOR REAGAN ADMINISTRATION OFFICIALS WITH EQUAL ACCESS TO SECRET GOVERNMENT ECONOMIC INTELLIGENCE, INCLUDING PRESIDENT REAGAN, BUSH, THE ATTORNEY GENERAL, AND THE SECRETARIES OF STATE, TREASURY, AND DEFENSE.

ALL OF THOSE OFFICIALS PUT THEIR HOLDINGS INTO A BLIND TRUST EXCEPT DEFENSE SECRETARY CASPAR WEINBERGER, WHO SOLD OFF STOCK IN COMPANIES DOING MAJOR PENTAGON BUSINESS.

CASEY RETAINED CONTROL OVER HIS HOLDINGS AND DID NOT SELL OFF STOCK IN FIRMS DEALING WITH CIA. HE HAS MAINTAINED, HOWEVER, THAT HIS LONG-TIME INVESTMENT ADVISER RICHARD CHESWICK MADE THE DAY-TO-DAY DECISIONS TO BUY OR SELL, EXCEPT IN TWO UNUSUAL CASES WHERE CASEY ORDERED SALES.

IN MAY 1982, THE CIA ESTABLISHED A SCREENING PROCEDURE TO BE CERTAIN CASEY DID NOT MAKE DECISIONS SUBSTANTIALLY AFFECTING HIS INVESTMENTS.

BUT UNDER ADDITIONAL PRESSURE FROM SEN. CARL LEVIN, D-MICH., CASEY PUT HIS HOLDINGS INTO A BLIND TRUST WITHIN THE PAST MONTH.

THE DOCUMENTS WERE TURNED OVER IN THE LAST TWO WEEKS BY THE CIA TO ATTORNEYS FOR THE CENTER FOR NATIONAL SECURITY STUDIES, WHICH SUED FOR THEM UNDER THE FREEDOM OF INFORMATION ACT. THE CENTER, A LIBERAL

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STAT

ARTICLE APPEARED
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LOS ANGELES TIMES
10 October 1983

file only

The Nation

CIA Director William J. Casey has announced that he has obtained the approval of two government agencies to set up a blind trust for his investments, a move designed to quell criticism over his multimillion-dollar stock portfolio. The arrangement was approved by the Justice Department and the Office of Government Ethics, said David Martin, director of the government ethics office. As CIA director, Casey has access to the government's most secret economic data, and several congressmen have objected to his overseeing financial dealings while in public office.

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ON PAGE A-17

NEW YORK TIMES
10 October 1983

STAT

U.S. Agencies Approve Trust for C.I.A. Chief

WASHINGTON, Oct. 9 (AP) — William J. Casey, Director of Central Intelligence, has announced that he has obtained the approval of two Government agencies of his plan to set up a blind trust for his investments.

The arrangement was approved by the Justice Department and the Office of Government Ethics, said David Martin, director of the Government Ethics Office.

The statement, issued Friday by Dale Peterson, the chief of media relations for the Central Intelligence Agency, said that placing Mr. Casey's investments in a trust "should resolve questions raised concerning the management of his holdings."

In 1982, Mr. Casey bought stock and other securities worth $1.9 million to $4.5 million, according to a financial disclosure form released last summer.

Several Congressmen objected to his overseeing his financial dealings while in public office. Mr. Casey denied he used secret economic data to help him make investments.

Mr. Casey said in July that he planned to establish a blind trust, meaning that he will not have any involvement in the disposition of his assets.

The blind trust is being set up by Leonard Silverstein, a Washington lawyer, and will be under the trusteeship of Richard Cheswick of Greenwich, Conn., according to the C.I.A. statement. Mr. Cheswick is a financial adviser who previously handled day-to-day management of Mr. Casey's investments.

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ON PAGE 3-A

PHILADELPHIA INQUIRER
8 October 1983

STAT

National

William J. Casey

A blind trust for the CIA director's investments wins approval.

CIA Director William J. Casey announced yesterday that he has obtained approval from the Justice Department and the Office of Government Ethics. The move is designed to quell criticism over his multimillion-dollar stock portfolio. In his post, Casey has access to the government's most secret economic data. In 1982, while heading the CIA, he bought stock and other securities worth between $1.9 million and $4.5 million, according to a financial disclosure form released last summer. He denied that he used secret economic data to help him make investments, but several members of Congress objected to his overseeing his financial dealings while in public office. The trust will be under the supervision of Richard Cheswick of Greenwich, Conn., who handled day-to-day management of Casey's investments previously.

UNITED PRESS INTERNATIONAL
7 October 1983

WASHINGTON
CASEY PUTS MONEY IN BLIND TRUST
BY DANIEL F. GILMORE

CIA Director William Casey, a self-made multimillionaire, announced Friday he is putting his investments in a trust to resolve controversy about his financial dealings. STAT

In a brief statement released by a spokesman, the 70-year-old intelligence chief said the trust ''should resolve questions raised concerning the management of his holdings.''

Since his appointment in January 1981, Casey had declined to place his holdings in a blind trust as other senior government officials had done.

A financial disclosure statement made public last May showed Casey had made as much as $7 million in stock and security transactions as the market began to improve in late 1982.

As CIA director, Casey had access to classified economic information. Nevertheless, the Office of Government Ethics said it could not find any conflict of interest or any evidence that Casey may have benefited from advance information.

After a 1981 disclosure form showed Casey had sold more than $600,000 in oil stocks during a market glut, the CIA began monitoring his transactions for possible conflicts of interest.

The same year, the Senate Intelligence Committee, after a 4 month investigation, criticized Casey's ''inattention to detail'' in not fully reporting his past business history, but said he was ''not unfit to serve'' as intelligence chief.

The spokesman Friday said Casey ''announced that he has executed a qualified, diversified trust agreement in compliance with the Ethics in Government Act.''

The requisite government approval for the trust had been received, the spokesman said, and the trust ''will be effective shortly when the signatures of the other parties to the trust agreements are obtained.''

Asked for further details, the spokesman said that Leonard Silverstein of the Washington firm of Silverstein and Mullens represented Casey in establishing the trust.

The trustee was identified as Richard Cheswick of Cheswick, Rex and Gillespie of Greenwich, Conn.

Cheswick was described as ''an independent, professional financial adviser who has handled many portfolios and provided services to Casey in the past.''

Casey made his fortune in Wall Street as a corporate lawyer.

On Thursday, Casey was awarded the CIA's highest medal ''for outstanding leadership'' at a surprise ceremony at the agency's Langley, Va., headquarters.

A citation said Casey was honored for restoring the credibility of the CIA and bringing ''imagination to our operation.''

ASSOCIATED PRESS
7 October 1983

WASHINGTON
CASEY

STAT

CIA Director William J. Casey announced Friday that he has obtained the approval of two government agencies to set up a blind trust for his investments, a move designed to quell the criticism over his multimillion-dollar stock portfolio.

The arrangement was approved by the Justice Department and the Office of Government Ethics, said David Martin, director of the government ethics office.

The CIA statement, issued by Dale Peterson, the CIA's chief of media relations, said that placing Casey's investments in a trust "should resolve questions raised concerning the management of his holdings."

As CIA director, Casey has access to the government's most secret economic data. In 1982 while he was at the agency's helm, Casey bought stock and other securities worth between $1.9 million and $4.5 million, according to a financial disclosure form released last summer.

Casey denied that he used secret economic data to help him make investments, but several congressmen objected to his overseeing his financial dealings while in public office.

Casey said in July that he planned to establish a blind trust, meaning that he will not have any involvement in the disposition of his assets.

The blind trust is being set up by Washington attorney Leonard Silverstein and will be under the trusteeship of Richard Cheswick of Greenwich, Conn., Friday's CIA statement said. Cheswick is the financial adviser who handled day-to-day management of Casey's investments previously.

In June, during the controversy over Casey's investments, Cheswick rose to Casey's defense, denying that the CIA director ever gave Cheswick information that helped in making decisions to buy and sell stocks. Cheswick, however, did not say that Casey never ordered him to buy or sell certain stocks.

The Office of Government Ethics reported this week that Casey ordered two stock sales last year _ one because a special CIA screening board determined that it would present a conflict of interest. That sale involved IBM stock worth from $50,000 to $100,000 on July 22, 1982, the office said, but it would not explain what created the potential conflict.

The other sale ordered by Casey was a large block of Capital Cities Communications stock on Aug. 24, 1982, valued at more than $250,000. Casey said he sold it because he wanted to invest the money in a higher-returning stock.

Casey's two CIA predecessors and other top Reagan administration officials have placed their stock portfolios in a blind trust to avoid the appearance of a conflict of interest. Most of Casey's stock transactions in 1982 occurred as the stock market began to surge forward in mid-August of that year.

After his 1982 disclosure form was issued, the CIA established a "screening arrangement" that required top agency officials to review Casey's transactions to make sure there was no conflict of interest.

ARTICLE APPEARED ON PAGE C-19

WASHINGTON POST
29 July 1983

STAT

JACK ANDERSON

Casey's Agency Gathers Secrets About Business

The CIA's presiding curmudgeon, William J. Casey, placed his financial holdings in a blind trust just in time. I was all set to reveal that he has access to inside financial transactions that would be an investor's dream.

The CIA happens to be a clearinghouse for the most sensitive intelligence the United States gathers. This includes intercepted messages that pass by cable and computer between the world's leading banks and corporations.

The hush-hush National Security Agency taps into the world's financial and commercial channels. The agency intercepts international telephone calls, cables and electronic transfers. This information is funneled into the CIA.

In the protected corridors and look-alike cubicles of CIA headquarters, more than 100 analysts reduce the accumulated data into classified studies, reports and forecasts. Treasury and NSA analysts also submit their reviews to the CIA.

The penetration of secret files is my traditional forte. With the help of my associate Dale Van Atta, I have examined information that is available to Casey.

"According to an intercepted message," one secret report reveals, "several international and Japanese copper companies are trying to form a company to buy up Japan's large copper stocks in an effort to control sales and stabilize prices." The report provides details that would be invaluable to investors.

Other examples: The CIA had early word on the Hunt brothers' attempt to corner the silver market; the NSA has been following the twists and turns of Japan's deals with mainland China, and, of course, NSA has kept a watchful eye on the Organization of Petroleum Exporting Countries.

One top-secret report reveals that Saudi Arabia would provide hundreds of millions of dollars to Algeria in long-term loans. Another deals with Saudi investments in the United States.

The CIA got the first word, for example, that "the Saudi Arabian Monetary Agency, acting through a U.S. intermediary, began negotiating . . . to buy $100 million in U.S. corporate bonds."

The CIA chief announced that he had "insulated myself from the management of my investments . . . in order to avoid future questions and misunderstandings."

But my sources caution that other CIA officials have access to insider tips and are quietly trading on the financial markets.

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ON PAGE A-2

WASHINGTON POST
26 July 1983

Casey, in Agreeing to a Blind Trust, Follows the Path of Others in Cabinet

By David Hoffman
Washington Post Staff Writer

When CIA Director William J. Casey agreed reluctantly to put his financial holdings in a blind trust, he joined a group of wealthy Reagan Cabinet members in sensitive posts who have access to secret government information that could influence their investments.

Although Casey had resisted setting up a blind trust, six of the 17 officials with Cabinet rank in the administration, as well as President Reagan and Vice President Bush, have put their financial holdings into such trusts to shield themselves from possible conflicts of interest.

A blind trust is designed to conceal from these officials all or part of their investments to prevent the officials from using inside information to enrich their portfolios or making official decisions for personal gain.

However, a blind trust is not required by law, nor is it an all-purpose protection against conflict of interest. Some members of the Reagan Cabinet don't have enough wealth to justify setting up a blind trust. Others have investments so isolated from their duties that a blind trust isn't needed.

For example, Office of Management and Budget Director David A. Stockman receives detailed inside information about government fiscal trends. But Stockman is one of the least wealthy members of the Reagan Cabinet, holding only an interest in his family's grape-harvesting business in St. Joseph, Mich. In such a case, a blind trust would give him no additional protection against conflict of interest, according to government ethics officials.

By contrast, Treasury Secretary Donald T. Regan, a former Wall Street executive, has access to extensive information about domestic and international financial markets and trends. Regan put his securities into a blind trust, according to his disclosure records.

So did Secretary of State George P. Shultz upon leaving his job as president of Bechtel Group Inc., the international construction and engineering company.

But Education Secretary T.H. Bell did not create a blind trust for his Utah real estate holdings, apparently because they pose no conflict with his official duties.

Agriculture Secretary John R. Block has farm holdings in four Illinois counties, but instead of placing them into a blind trust, he agreed upon taking office to a detailed plan to prevent conflict of interest. Among other things, Block agreed not to seek any additional Agriculture Department loans or participate in any federal price support programs, such as the payment-in-kind program, while serving as secretary.

Among Reagan's top four White House aides, only one, chief of staff James A. Baker III, a wealthy Houston lawyer, set up a blind trust.

The 1978 Ethics in Government Act gave top officials several different options to avoid possible conflicts of interest. In addition to a blind trust, they can choose to divest those financial holdings that pose a problem, or, if the investments are small, they can seek a waiver.

They can also recuse themselves voluntarily in advance from any duties or decisions that would create a possible conflict, or set up an internal screening process to shield themselves.

When they choose a blind trust, the officials turn over their stocks, bonds and other financial holdings to a trustee to manage. They are generally prohibited from communicating with the trustee, and the trustee's communications to them also are limited.

"We always say it is a black box in which the officeholder can't see in and the trustee can't communicate out," said David R. Scott, chief counsel of the Office of Government Ethics, which supervises compliance with the law.

Not all blind trusts are totally blind. Some Cabinet members have trusts that only gradually become "blind" as their original holdings are sold, while other blind trusts instantly conceal all the assets.

While some Cabinet officers have clear and visible duties, Casey holds a unique position because of the secrecy surrounding his position and the potentially valuable intelligence information to which he has access.

Casey, a former chairman of the Securities and Exchange Commission, did not put his securities in a blind trust when he entered the administration as CIA director, although two of his predecessors, Bush and Stansfield Turner, both put their holdings in blind trusts.

Casey said government ethics officials told him at the time it wasn't necessary.

In 1981, after Casey sold $600,000 in oil company stocks, a special screening panel of two senior CIA officials was established to review his transactions against unwitting conflicts of interest.

According to Ernest Mayerfeld, the CIA's ethics official, the screening mechanism was "triggered" only once in a case in which Casey might have had a conflict. Casey decided to sell the stock in question so he could participate in a CIA decision con-

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NASHVILLE TENNESSEAN (TN)
25 July 1983

STAT

Mr. Casey Agrees to Blind Trust

MR. William J. Casey, director of the Central Intelligence Agency, who has been roundly criticized for his personal stock deals, now says he will put his multimillion-dollar portfolio in a blind trust.

Mr. Casey is the only top Reagan official with access to closely-held economic secrets who did not either put his holdings in a trust or sell them as a condition of employment.

Instead, the CIA director had an arrangment by which a financial adviser had day-to-day control over his investments. However, overseers of the arrangement are CIA employees.

Mr. Casey has been buying and selling several millions of dollars worth of stock over the past few years and critics have said that some of the deals created the impression he could be profiting from inside information.

At least one member of Congress contemplated the introduction of legislation to force the CIA director to put his holdings in a blind trust. Apparently, in order to end the criticism and prevent such legislation, Mr. Casey agreed to do so voluntarily. He should have done that at the beginning.

25 July 1983

'Blind Trust' Necessary

Central Intelligence Agency Director William J. Casey has now wisely bowed to criticism and placed his sizable investments in a "blind trust" during his term of office. This is the customary practice for high government officials with access to important information affecting financial markets. Their investments are placed beyond their control and handled by persons without access to such information.

It is astonishing that such a blind trust was not set up by Mr. Casey until now, since, as head of the CIA, he has access to the sensitive information gathered by the formidable worldwide intelligence network of the CIA. In addition, Mr. Casey has been fairly active in the financial markets, with deals involving several million dollars in the past two years and with income last year of up to a million dollars, mostly from dividends and capital gains.

To his credit, Mr. Casey has never been accused of making improper use of any governmental information. In yielding to criticism in and out of Congress and agreeing to set up a blind trust, he said that his investments had been in a "de facto blind trust" all this time, the day-to-day management of his portfolio being handled by an investment adviser. He said he was now setting up a formal trust "to avoid further confusion and misunderstanding."

The blind trust device is a necessary one, since public officials should avoid not only conflicts of interest but the appearance of conflicts of interest. They should be above reproach. Mr. Casey used blind trusts when he served in several posts in the Nixon and Ford administrations, and the Reagan administration has been negligent in not setting firm guidelines concerning blind trusts for its high officials.

SALEM STATESMAN-JOURNAL (OR)
23 July 1983

File Only - D

STAT

Casey too long coming to bat

We can't accuse CIA director William J. Casey of being a day late and a dollar short. Rather he's more than two years late and very probably a whole bundle long.

Casey, appointed in 1981 by President Reagan to head the Central Intelligence Agency, finally has been persuaded, under threat of legislation, to put his financial affairs under a formal blind trust. His action follows long-time criticism that as a public official he has traded millions of dollars in stock while having access to the government's most secret economic information.

Casey maintains that control of his finances has in fact been under a "de facto blind trust," but he agreed to the formal arrangement after Sen. Carl Levin, D-Mich., threatened legislation to force the change.

Even the blind trust can be a charade. But at least the blind trust gives some semblance of credibility to a public official's financial dealings while in office.

Casey took far too long to take his turn at bat. That delay is not surprising, given the CIA director's background. Along with extensive wartime service in U.S. Army Intelligence, the forerunner of the Central Inteligence Agency, Casey also is an author. One of his works, published in 1952, is entiled "Tax Sheltered Investments."

SAN FRANCISCO EXAMINER (CA)
23 July 1983

File

STAT

Bringing up the rear

IN ORDER to "avoid further confusion and misunderstanding," CIA Director William Casey has agreed belatedly to put his multimillion dollar stock portfolio in a blind trust, as his immediate predecessors did.

It is difficult to muster up even a weak bravo. Casey, one of the president's most questionable appointments, should have placed his millions in a blind trust before he assumed the sensitive post of intelligence director. He was the only top administration official with access to sensitive information that could affect his investments who neither divested himself of his holding nor put his portfolio in trust as a condition of employment — something the president should have insisted on and enforced.

But better late than never.

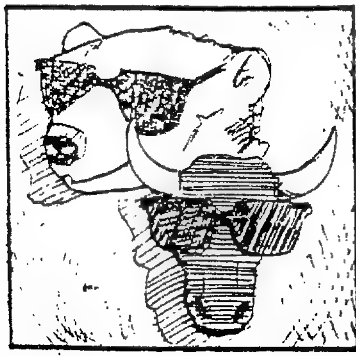
Approved For Release 2006/01/03 : CIA-RDP91-00901R000100300005-2

QUAD CITY TIMES (IA)
22 July 1983

File Only - DCI

STAT

Casey sees the light



There was legislative pressure on CIA Director William Casey to clean up his stock act and probably presidential pressure, too. Casey had made himself a general government embarrassment by wheeling and dealing in millions of dollars of stocks while being privy to sensitive intelligence reports, many surely carrying economic implications.

Criticism of Casey for not putting his portfolio into a blind trust as his predecessors did and as ethics properly demands has been increasing for more than two years. Sen. Carl Levin, D-Mich., may have done much to move a reluctant Casey to this point. He prepared an amendment expressing the sense of the Senate that the former Wall Street lawyer get out of the market.

So the 70-year-old Casey, who has a history of knotted business dealings, decided to give up the Mickey-Mouse arrangement that was earlier set to appease his critics. That little gem, which Casey called a "de facto blind trust," was supposedly some overseeing of stock transactions by his underlings. Can't you just see them waving this bull or bear off a million-dollar deal or even squealing when he might ignore their advice.

But all bad things must come to an end.

So Casey, a 1980 national campaign director for Ronald Reagan, has agreed to a blind trust "to avoid further confusion and misunderstanding" — which, as best can be seen, were mainly his.

There was the look of a CIA director trading on inside information — unfairly playing with loaded dice in the market. Now he has gone to a blind trust. And how much better his than ours.

TOLEDO BLADE (OH)
22 July 1983

STAT

Casey Sees The Light

IT is late in the day for CIA Director William Casey to agree finally to put his extensive portfolio of stocks in a blind trust, but better late than never, we suppose.

Not that the director deserves special credit for coming around to doing what he should have done at the beginning of his tenure. He took the action only after being backed to the wall by Michigan Sen. Carl Levin who had planned to introduce legislation forcing Mr. Casey to establish the blind trust.

For some reason the director apparently placed himself a notch or two above everyone else in the Reagan administration who followed specific guidelines designed to prevent any appearance of conflict of interest. Why he should be exempt has defied understanding.

Mr. Casey's position is even more vulnerable than the others because he has direct access to the Government's most secret economic data. It would be easy for someone in his position to translate such information into profits on the stock market. In fact, many of his transactions took place last August just as the market began to surge.

As one more questionable fillip to this unsavory business, it fell to some of Mr. Casey's CIA associates to try to screen certain matters going to their chief to head off conflicts. This was not a workable or ethical arrangement, and it surely took time away from other duties to which these persons should have been attending. One might assume that now they can go back to their normal intelligence work.

Mr. Casey directs an agency dealing with the most sensitive matters affecting the U.S. Government. He, above all, should be above even the appearance of crassly making money based on secret information, because of the danger of undermining public confidence in the CIA, both in this country and abroad, which already is none too high.

The country will be better served now that Mr. Casey's stock holdings are in a blind trust, but nobody should be waving any flags over his belated decision to follow a more ethical course.

WASHINGTON TIMES
22 July 1983

11A

STAT

Casey catches on, finally

Be it ordered herewith that William J. Casey, director of the U.S. Central Intelligence Agency, be promoted out of the Political Slow Learners Platoon.

The decision by Casey to put his extensive personal holdings in a blind trust is late by, oh, say, 30 months, and, because belated, has caused his friend and boss in the White House unnecessary grief.

We are not unsympathetic to Casey's apparent disdain of the trendy morality that reckons any public official who owns three shares of Amalgamated Garters reflexively will contort the decisions made in his official capacity to benefit Amalgamated Garters.

However, it was dumb of Casey, given the white-hot suspicion that pervades this burg and his position as head of one of the most sensitive agencies of government with access to secret economic data, to dig in his heels, whether out of stubbornness or principle.

It matters not that Casey's boys now are contending that the previous arrangement, a financial adviser tending the holdings rather than Casey himself, amounted to a "de facto blind trust" and federal ethics officials called that arrangement "legal and proper." Abetted by news reports recently that the CIA director's stock had been trading in the six- and seven-figure neighborhoods, the perception was widespread that here were interests waiting to conflict.

Even the least conflicting potential — that Casey would leave the room when CIA decisions came up that might conceivably involve his financial interests — was ludicrous. That meant, in effect, that the CIA was being run by a part-time director, didn't it?

At any rate, Casey came round after some of the very moral people on Capitol Hill rumbled about a law to force a blind trust on the intelligence chief. We don't doubt there was friendly advice from within the administration that, all things considered, Bill, baby, it's time to concede.

It's too bad that suspicion automatically attaches today to a public official worth more than the change in his pocket. It's too bad as well that William J. Casey took so long to catch on.

FT. LAUDERDALE NEWS (FL)
21 July 1983

STAT

Assuring more trust

AT LAST, WILLIAM Casey's brassy armor has been dented. The director of the Central Intelligence Agency has agreed to put his fortune in a blind trust. What President Reagan and other high administration officials did voluntarily when they took office, Casey finally has done after heavy criticism of his financial dealings.

In his most recent assault on ethics in government, Casey, a man with access to the most secret U.S. economic information, traded millions of dollars worth of stock during the long market rally that began last summer.

Until Sen. Carl Levin, D-Mich., threatened to introduce legislation — if not a bill then a sense of the Senate resolution — demanding that the CIA director relinquish control of his investments, Casey had ignored all questions about his freestyle handling of his portfolio.

Sen. Levin's pressure brought on a flurry of conversations with the White House and the previously defiant Casey that resulted in his overdue decision.

The only flaw in Levin's approach is its limited nature. Passing a broad blind trust law would be difficult, but should be pursued. The argument that such legislation would deter many qualified people from serving does not hold up. Anyone unwilling to meet so reasonable a requirement would be no loss to federal efficiency.

File Only - DC

STAT

Casey cleans up his act

Blind trust can be good

CIA Director William J. Casey, whose financial dealings have bordered too often on the scandalous, has agreed to put his extensive investment portfolio into a blind trust. Don't imagine, however, that he's developed a new sense of rectitude; if he hadn't made the move, Congress was ready to order him to do so. Anyway, the same day he announced his decision, Casey defended his previous financial arrangement, which he has liberally described as "a de facto blind trust."

This arrangement was declared "legal and proper" by election officials, and — technically — they are right. But Casey's financial dealings gave many people — not all of them hostile to the Reagan administration — the strong impression that he was personally profiting from the information he is privy to as chief of the nation's top intelligence agency. Last year, for example, he sold more than $600,000 in oil stocks as a CIA-predicted glut developed in world oil markets. He also bought into pharmaceutical firms with subsidiaries in Central America, where the CIA is more than a little active nowadays. Last May, Casey reported buying and selling stock worth as much as $6.6 million just as Wall Street was about to turn bullish.

Was he just lucky? Perhaps. As we said, no one has charged him with breaking the law. But he certainly seems to have violated Lyndon Johnson's still-active executive order to "avoid any action...which might result in, or create the appearance of...using public office for private gain."

It's time that not just Casey but all federal officials be required through an amendment to the Ethics in Government Act to create blind trusts as a condition of public service. Voter cynicism toward public officials is bad enough already; we don't need more. ■

ARTICLE APPEARED
ON PAGE A-30

MIAMI HERALD
21 July 1983

STAT

Peek-a-BOO!

IT TOOK two-and-a-half years, but CIA Director William Casey finally has placed his investments into a "blind trust." The chief spook, whose buying and selling of $7 million in stocks in 1982 (with uncanny foresight) set off a public controversy, said he agreed to the move because he is "tired of being hassled about [the possible conflict of interest]."

When the people speak, *everybody* listens.

NEW YORK DAILY NEWS
21 July 1983

ARTICLE APPEARED ON PAGE C17

STAT

EDITORIALS

Casey's cave-in

Facing pressure from the Senate and editorial salvos in scores of newspapers (this one included), CIA Director William Casey has reluctantly agreed to place his extensive financial holdings in a blind trust. We're pleased that he has seen the light.

Casey, who bought and sold millions of dollars in stocks last year, insists he never used secret CIA information to influence his dealings. But the point is that he does have access to such data and there was a widespread perception that he was using the material to feather his own nest. And his explanation that the CIA was monitoring his transactions didn't impress anyone.

In setting up a blind trust over which he has no control, Casey is following an example set by President Reagan, Vice President Bush and other top officials. Casey should have fallen into line immediately after he was sworn in 2½ years ago; he has damaged his credibility by hanging back so long.

ARTICLE APPEARED ON PAGE A-10

BALTIMORE SUN
20 July 1983

File Only

STAT

Casey Changes His Mind

Saying he is "tired of being hassled about it," CIA director William J. Casey has finally bowed to his critics and agreed to place his securities portfolio in the hands of a blind trust, so there will be no possible appearance of his being in a position to profit from intelligence information that might affect the stock market.

Mr. Casey's decision has been a long time coming. More than a year and a half have passed since the Senate Intelligence Committee, after an investigation finding that Mr. Casey had been somewhat less than complete in his financial disclosures during his confirmation hearings, concluded lukewarmly that he was "not unfit to serve."

Others might have been chastened by such a conclusion. But Mr. Casey refused to follow the example set by numerous other senior officials, including President Reagan and Vice President Bush. Instead he insisted on retaining control of his investments, though with safeguards he contends have shielded him from any possible conflict of interest.

Only when a resolution calling on him to adopt the blind-trust method was on the brink of being introduced in the Senate did Mr. Casey finally agree to do so. His decision also comes, perhaps coincidentally, at a time when he is deeply involved in infighting over the Carter briefing-book affair and over the CIA's deepening involvement in Central America.

Mr. Casey's previous stance contributed to the impression that the Reagan administration was insensitive to ethical appearances. We congratulate him on changing his mind.

WASHINGTON TIMES
20 July 1983

ARTICLE APPEARED ON PAGE 4A

STAT

Casey says his portfolio handled like 'blind trust'

BY A WASHINGTON TIMES STAFF WRITER

Central Intelligence Agency Director William J. Casey yesterday said that he has conducted his financial affairs since being in office as though his economic resources were in a "blind trust."

In the face of mounting pressure from critics to dissociate himself from his financial holdings, Casey agreed Monday to place his multimil lion-dollar portfolio in an official blind trust.

He had been criticized for buying and selling several million dollars worth of stock over the past two years. Some members of Congress say the deals create the appearance that he could be profiting from inside information.

Casey has maintained since his financial affairs first became an issue that he conformed to all applicable laws and successfully insulated himself from the day-to-day maintenance of his financial accounts. In a statement released yesterday, he said his arrangements were as effective as a blind trust would have been in protecting the public interest.

"All purchases and sales for my account have been made by a professional investment counsel firm," Casey said, adding that the "head of this firm stated ... 'there have been no instances whatever during Mr. Casey's service as director of the Central Intelligence Agency when he has provided me with any information that could have been used as an aid in making these decisions.' "

Referring to articles that claimed he had made millions from stock market dealings, Casey commented that last year he had sold a "substantial interest" in newspaper and broadcast companies which "constituted over 60 percent of my holdings. . . ."

Casey said that his arrangement for handling his financial affairs had been cleared by the CIA ethics officer and by the Office of Government Ethics, but that public clamoring by his detractors had led to so much misunderstanding he decided to establish the blind trust anyway.

(Under a blind trust, an official gives control of his investments to an independent trustee, who makes decisions on transactions without the official's knowledge. Casey's two predecessors at CIA — Stansfield Turner and George Bush — had blind trusts.)

— Edmond Jacoby

ARTICLE APPEARED ON PAGE A-2

WASHINGTON POST
20 July 1983

STAT

Casey to Proceed On Blind Trust

CIA Director William J. Casey, saying he had "insulated myself from the management of my investments," said formally yesterday that he will place his financial holdings in a blind trust.

Casey said he made the decision "in order to avoid future questions and misunderstandings."

Criticized on Capitol Hill for buying and selling millions of dollars in stocks and other securities last year, Casey said the CIA ethics officer told him in early 1981 that there was "no conflict of interest" in his financial arrangments. Casey said his investment adviser had authority to manage his portfolio without consulting him.

Referring to reports "that I profited by trading heavily in stocks in August and September, 1982," Casey said the main transaction was sale of stock in a company that owned news and broadcast properties and comprised 60 percent of his holdings.

Casey said his adviser paid a capital gains tax and put remaining proceeds into various stocks and bonds without consulting him.

Casey said he sold the stock "to improve the safety and diversification and income of my holdings" and would have been permitted the same action under a blind trust. He said the transactions "substantially reduced my participation in the advances in equity values which began at that time" in the stock market.

20 July 1983

STAT

Congress Has Trouble Seeing Blind Trust Issue With Clarity

By PETER A. BROWN
Scripps-Howard News Service

WASHINGTON — The furor that led to CIA Director William Casey's decision to put his vast stock holdings into a blind trust is prompting lawmakers to consider requiring all top government officials to do so.

Serious questions about how such a law could be written, who it would cover and whether it would discourage top people from accepting government posts probably explain why there has never been any previous effort to pass such legislation.

Currently, a government ethics office oversees conflict-of-interest situations. Director David Martin said, however, it is not empowered to require an official to put his holdings in a blind trust.

Casey agreed this week to put his holdings in such a trust, under a threat from Sen. Carl Levin, D-Mich., to draft a Senate resolution urging him to do so.

Until now Casey, who reportedly made hundreds of thousands of dollars in the stock market last year, had set up a screening committee to decide whether he should not have access to certain information because of the potential for using it in his stock transactions.

Levin says the initial failure to force Casey put his holdings into a blind trust shows that the current system has problems, but he said yesterday he was satisfied for now.

Levin held out the prospect he would submit legislation requiring top government officials take such a step because of the access they have to secret information.

"The question is how far down do you go," he said. "There are hundreds of people who have access to classified information. The other question is how much stock would you have to have to be covered."

"It's quite difficult to write a law in this area to cover all possible situations because they're all unique," said Martin. "It's very delicate when you're dealing with someone else's property. How can you pass a law that tells someone they don't have a right to own and sell property?"

Currently about 30 top administration officials — including President Reagan, Vice President Bush, Secretary of State George Shultz, Commerce Secretary Malcolm Baldrige and James A. Baker, White House chief of staff — have put their stock holdings into blind trusts. Defense Secretary Caspar Weinberger opted to sell all his stock and buy Treasury notes.

Congressional staff experts say there has never been a legislative attempt to require blind trusts of administration officials, although there are statutes that provide criminal penalties for those who use their office for private gain.

Historically, the question of officials putting their holdings into blind trusts has depended on the particular administration.

President Carter's CIA director, Stansfield Turner, put his stock into a blind trust.

20 July 1983

STAT

Taking His Time

PRESIDENT Reagan seems to attract buccaneers, adventurers who view questions about the commingling of their private and public interests as just so much bother and piffle.

Exhibit A for the past few years has been William Casey, head of the Central Intelligence Agency. Even though he has agreed to place his stock holdings in a blind trust, Casey still doesn't get the point.

Casey issued a statement on his stock holdings this week, in which he said, "During my two and a half years as director of central intelligence I have had a de facto blind trust and the ethics officers of the CIA and the Office of Government Ethics have both found the arrangements with respect to my investments legal and proper. Nevertheless, to avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context."

Let's hope so. In the meantime, his refusal to establish a trust has raised serious questions about his rather cavalier attitude.

Casey holds hundreds of thousands of dollars' worth of stock. He also has access to the most secret financial intelligence from foreign countries. He obviously has been in a position to use that information for private gain.

He claims he hasn't done that. He has two people in the CIA managing his stock portfolio. They tell him when intelligence decisions may have an impact on his stocks. In those cases, Casey avoids participating in the policy debates.

CASEY apparently is not using his position for private gain. But he is supposed to be CIA director. How can he perform his job adequately if he cannot participate in major decisions? And what about those two officials, who could be doing their jobs instead of babysitting Casey's stock portfolio?

When Casey establishes a blind trust, those questions will be answered. What took him so long to do it is anyone's guess.

HARTFORD COURANT (CT)
20 July 1983

STAT

Right Decision, But Wrong Reason

The decision of CIA Director William J. Casey to finally put his stock holdings into a blind trust is welcome, but not particularly praiseworthy.

Mr. Casey, who has access to secret information about world economic affairs, transacted millions of dollars of business in the past two-and-a-half years, some of it involving corporations with foreign holdings.

In all that time, he refused to concede there was even the appearance of a conflict of interest, arguing that he didn't handle the day-to-day trading and that an elaborate in-house system had been set up to keep him out of trouble.

Mr. Casey only decided to mend his ways after a threat by Sen. Carl M. Levin of Michigan to introduce legislation that would express the sense of the Senate that Mr. Casey should set up a blind trust. Even a debate on such a proposal would have been an acute embarrassment to both Mr. Casey and the Reagan administration.

Mr. Casey still insists, of course, that nothing has changed. He says he is only formalizing what had been a "de facto" blind trust all along.

If there were no difference, he would have set up a formal blind trust from the start, as his two predecessors had done. His "de facto" arrangement couldn't erase the appearance that he was using the advantages of public office for personal gain.

It wasn't ethical scruples, but concern for his own hide, that got Mr. Casey to do the right thing at last.

20 July 1983

STAT

Ethics in question

Dirt mounts on Casey

President Reagan made a grievous error when he appointed William Casey to be head of the Central Intelligence Agency.

The worst part, though, is Reagan's refusal to correct his mistake. He lets his thoroughly discredited friend continue in his official capacity, where he is unable to hold the public trust.

Casey, whose questionable business dealings should have disqualified him from consideration for the CIA job, is a disgrace to the administration.

The man definitely did not turn over a new leaf when he climbed aboard the Reagan presidential bandwagon.

If anything, his ethics are more in question today than at any other point.

The last week has brought more disquieting questions about Casey's ethics.

First, Time magazine reported that he set up a network of retired and active CIA and FBI agents to gather political intelligence for the 1980 Reagan campaign.

Spies allegedly were dispatched to major military installations to monitor any movements that might be related to the Iranian hostage crisis.

The goal was to keep President Carter from surprising Reagan with anything during the last days of the campaign.

In the week's other major story concerning Casey, it was reported that he finally has agreed to place his extensive business portfolio in a blind trust.

Most high government officials do that before taking office to avoid any potential conflict of interest.

But Casey waited 2½ years — and only acted then because of extensive publicity.

During that time, he not only had access to the government's most secret economic data but he also traded heavily on the stock market.

Casey is not the type of person who should occupy a sensitive and important governmental post.

A man truly dedicated to the public good would not have to be told what to do with his personal investments after taking a Cabinet-level position.

A truly dedicated individual in his position could not, in good conscience, keep his or her investments in anything other than a blind trust.

The reason William Casey had to be told what to do is because the public good is a secondary concern in his life. His first priority is looking out for old No. 1.

There are many people in the world like that. They're not necessarily bad people — they're just not the kind of people who belong in government service.

Casey is too selfish to be effective or respected.

It would be a favor to Casey and the nation if President Reagan would relieve him of his public responsibilities.

Neither side can be particularly satisfied with the current arrangement.

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ARTICLE APPEARED ON PAGE A-18

NEW YORK TIMES
19 July 1983

STAT

C.I.A. Director Opts To Put Investments In a 'Formal' Trust

By EDWARD C. BURKS

Special to The New York Times

WASHINGTON, July 18 — William J. Casey, Director of Central Intelligence, who has been criticized in Congress for making large stock transactions as a Government official, said tonight that he was placing his investments in a blind trust.

Senator Carl Levin, Democrat of Michigan, and one of the main critics of these transactions, said today that in Mr. Casey's financial disclosure forms for 1982 and 1983, the C.I.A. director had listed a total of 120 stock sales and purchases amounting to several million dollars.

Shortly before Mr. Casey issued his statement through a spokesman tonight, Senator Levin said in a statement of his own that he had been preparing to offer an amendment expressing the sense of the Senate that Mr. Casey should set up a blind trust.

Mr. Levin said after talking with Mr. Casey, "I believe we can look forward to the prompt and correct conclusion of this matter," according to The Associated Press.

Mr. Casey and his chief spokesman, Dale Peterson, declined tonight to comment on the stock holdings and transfers. Instead, through Mr. Peterson, Mr. Casey issued the following short statement:

"During my two and a half years as Director of Central Intelligence I have had a de facto blind trust and the ethics officers of the C.I.A. and the Office of Government Ethics have both found the arrangments with respect to my investments legal and proper. Nevertheless to avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context."

There was no indication when the blind trust would be set up and no elaboration on why Mr. Casey, despite critics, felt that what he called the " de facto blind trust" up to now was sufficient.

ARTICLE APPEARED ON PAGE /

19 July 1983

STAT

CIA Chief to Put Financial Holdings in Blind Trust

Casey Bows to Senate Resolution

By Howard Kurtz
Washington Post Staff Writer

CIA Director William J. Casey, who bought and sold millions of dollars in stocks and other securities last year, has decided to place his financial holdings in a blind trust.

Casey, who resisted past suggestions that he establish such a trust, agreed to reconsider his position after Sen. Carl Levin (D-Mich.) drafted a sense-of-the-Senate resolution urging Casey to join the many other government officials who have turned to blind trusts to avoid possible conflicts of interest.

Levin said he agreed to delay his resolution after Casey called him at home Saturday and asked for time to consult with members of the Senate Intelligence Committee and review the blind-trust arrangements of other federal officials. Levin's staff was assured yesterday that Casey has decided to create some form of blind trust.

Casey said in a statement last night, "To avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context."

In a telephone interview earlier, he had said he was "tired of being hassled about it."

Calling the issue "vastly misunderstood," he said, "I've had a *de facto* blind trust." Casey said his investment adviser has been making decisions on Casey's financial portfolio without consulting him about day-to-day transactions.

Casey noted that his investment adviser, Richard Cheswick, has said that Casey has not provided him with any special information affecting investment decisions.

"The idea that I somehow anticipated the bull market and made a big killing on it," Casey said, "is just turning reality upside down."

After receiving assurances from Casey about setting up the trust, Levin modified a scheduled statement about the matter that he read on the Senate floor yesterday.

"Based on conversations with Mr. Casey Saturday and [yesterday], I now believe that we can look forward to the prompt and correct conclusion of this matter without the need for legislation," Levin said.

Casey's financial disclosure statement, released last month, showed that he had bought from $3.8 million to more than $7.8 million worth of stocks, securities, bonds and Treasury bills during 1982. Casey sold other holdings to invest heavily in electronics and drug stocks, some of which have increased significantly in value.

Many of Casey's purchases came between Aug. 26 and Sept. 20, as the Dow Jones Industrial average was beginning a major advance.

Casey initially was concerned that changing his mind now about establishing a blind trust could be construed as an admission of impropriety.

"I find it hard to take a step which is required neither by law nor for the proper handling of my affairs," he wrote Levin on June 29. "While I appreciate the importance of public perception, I have not figured out how to meet this need without creating the impression that there is anything improper in the way matters have been handled for the last 2½ years."

Casey also disputed Levin's contention that as CIA director he has unique access to information.

"That really doesn't hold water," Casey wrote. "It takes only a teeny weeny bit of information to exploit if one has that purpose, and information on legislation is likely to have as much impact on values as information about events abroad."

A number of senior government officials, including President Reagan, Vice President Bush and Treasury Secretary Donald T. Regan, have placed their holdings in blind trusts, which are accounts managed by financial advisers without consultation with their owners.

In his floor statement yesterday, Levin said Casey's stock trading "has created a terrible appearance for Mr. Casey and even more importantly, for the Central Intelligence Agency, whose director spends a great deal of time reviewing classified information which could, and I emphasize 'could,' affect the value of that stock."

Levin said that setting up a blind trust now "would be an expression of good judgment, a judgment that both he and his agency would be better off if he eliminates the undesirable appearance."

CIA spokesman Dale Peterson said last month that "there is no reason under the law why [Casey] has to put his finances into a blind trust." He said Deputy CIA Director John McMahon and general counsel Stanley Sporkin review Casey's financial transactions and recommend that Casey disqualify himself from decision-making on matters that could affect the value of his holdings. The results of that review have not been made public.

ARTICLE APPEARED ON PAGE 10

WALL STREET JOURNAL
19 July 1983

File Only

STAT

CIA Chief Agrees to Put His Stock in Blind Trust

WASHINGTON—(AP)—Central Intelligence Agency director William J. Casey, criticized for trading millions of dollars in stock while seeing the government's most secret economic data, agreed last night to put his extensive portfolio into a blind trust.

In a terse statement issued by the CIA, Mr. Casey said his current arrangement in which a financial adviser has day-to-day control over the investments amounted to a "de facto blind trust" that had been judged by federal ethics officials to be "legal and proper."

"Nevertheless, to avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context," Mr. Casey said.

In his annual financial disclosure form released in May, Mr. Casey reported buying stock last year valued at $1.9 million to $4.5 million while selling stock with a value of at least $1 million and possibly more than $2.1 million.

WASHINGTON TIMES
19 July 1983

File Bobby

STAT

4A

CIA's chief Casey to set up blind trust

Associated Press

Central Intelligence Agency Director William J. Casey, criticized for trading millions of dollars in stock while seeing the government's most secret economic data, agreed last night to put his extensive portfolio into a blind trust.

In a terse statement issued by the CIA, Casey said his current arrangement in which a financial adviser has day-to-day control over the investments amounted to a "de facto blind trust" that had been judged by federal ethics officials to be "legal and proper."

"Nevertheless, to avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context," he said.

Casey's announcement came an hour after Sen. Carl Levin, D-Mich., a critic of the CIA director's handling of his personal finances, said that after talking with Casey, "I believe we can look forward to the prompt and correct conclusion of this matter."

A congressional source, who spoke on condition he not be identified, said that Levin agreed not to introduce legislation to force Casey to establish a blind trust after Casey promised to take such a step.

Unlike his two CIA predecessors and other top Reagan administration officials with access to the government's most secret worldwide economic data, Casey did not put his extensive stock portfolio into a blind trust or sell some stock as a condition of employment.

Levin had planned to introduce legislation to require Casey to surrender control of his holdings to avoid any appearance of a conflict of interest.

But Levin said he had spoken with Casey twice over the weekend, and now believes no legislation is needed.

In his annual financial disclosure form released in May, Casey reported buying stock last year worth from $1.9 million to $4.5 million while selling stock worth at least $1 million and possibly more than $2.1 million.

Most of Casey's stock transactions occurred as the stock market began to surge forward in mid-August.

A year earlier, Casey reported selling more than $600,000 in oil stocks as a glut developed in world oil markets.

Following last year's disclosure form, the CIA established a "screening arrangement" that required top agency officials to review Casey's transactions to make sure there is no conflict of interest.

19 July 1983

STAT

WASHINGTON
CIA CHIEF SOLD MAJOR INVESTMENT LAST YEAR
BY ROBERT PARRY

CIA director William J. Casey, who has described his past financial arrangement as a "de facto blind trust," said Tuesday night he directed the sale last year of a holding that amounted to 60 percent of his multimillion dollar stock portfolio.

Asked about Casey's action, David R. Scott, chief counsel of the Office of Government Ethics, said that under an actual blind trust, a government official could not sell _ or order to be sold _ any holding.

Casey announced Monday that he would establish a blind trust in an effort to quiet criticism over the several million dollars worth of stock deals made in his name since he took office at the CIA, where he sees the government's most secret economic information.

Casey said he was establishing the blind trust although his previous arrangement, which he called a "de facto blind trust," had been judged by federal ethics officials to be "legal and proper."

In a statement Tuesday elaborating on that decision, Casey said the previous arrangement in which an investment adviser had day-to-day control over his portfolio had "insulated" him from "management of my investments to the same extent as would have been accomplished by a blind trust."

Casey then said that last Aug. 28, he sold a substantial interest in Capital Cities Communications Corp. because it amounted to more than 60 percent of his holdings and paid "only minimal income."

"This was a decision to improve the safety, diversification and income of my holdings of a kind that the Office of Government Ethics recognizes that the beneficiary of a blind trust (the government official) can appropriately direct," said Casey.

Scott, however, said that once a government blind trust is in place, the official "cannot communicate to a trustee and tell him what to sell. ... In a blind trust, the trustee has to have sole discretion."

Casey, who according to his latest financial disclosure form has assets of at least $5 million and possibly more than $8 million, said the money from the

CONTINUED

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ON PAGE 1

19 July 1983

STAT

'Casey Agrees to Blind Trust

Acts to 'Avoid Confusion' Over Controversial Deals

WASHINGTON (AP)—CIA Director William J. Casey, who has been criticized for trading millions of dollars in stock while having access to the government's most secret economic data, agreed Monday night to put his extensive portfolio into a blind trust.

In a statement issued by the CIA, Casey said his current arrangement—in which a financial adviser has day-to-day control over the investments—amounted to a "de facto blind trust" that had been judged by federal ethics officials to be "legal and proper."

"Nevertheless, to avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context," he said.

Casey's announcement was made an hour after Sen. Carl Levin (D-Mich.), a critic of Casey's handling of his personal finances, had said after talking with the CIA director, "I believe we can look forward to the prompt and correct conclusion of this matter without the need for legislation."

A congressional source who spoke on the condition that he not be identified said that Levin agreed not to introduce legislation to force Casey to establish a blind trust after the director promised to do so.

Unlike his two immediate predecessors at the CIA and other top Reagan Administration officials, Casey did not put his extensive stock portfolio into a blind trust or sell some stock when he accepted the post.

In his annual financial disclosure form, released in May, Casey reported buying stock last year worth between \$1.9 million and \$4.5 million while selling stock worth between \$1 million and \$2.1 million. (The disclosure forms do not require officials to report precise figures.)

Transactions During Market Surge

Most of the stock transactions occurred as the market began to surge in mid-August. A year earlier, Casey had reported selling more than \$600,000 in oil stocks as a worldwide glut developed.

After Casey released his disclosure form last year, the CIA established a screening arrangement that required top agency officials to review his transactions for possible conflicts of interest.

In 1981, the Senate Intelligence Committee reviewed Casey's past financial dealings and criticized him for failing to list holdings fully on the financial disclosure forms he had filed when he took office.

Although the committee found that Casey was not unfit to stay in office, it said he was, "at minimum, inattentive to detail" in failing to disclose the holdings.

18 July 1983

STAT

WASHINGTON
CASEY
BY STEVE GERSTEL

CIA Director William Casey, a millionaire with extensive stock holdings, said Monday he is placing his investments in a blind trust ''to avoid further confusion'' about any possible conflicts of interest.

Casey revealed his decision in a statement released after Sen. Carl Levin, D-Mich., indicated in a brief Senate speech that Casey would establish a blind trust so he would no longer seek legislation urging the CIA director to do so.

Casey, 70, defended his refusal to set up a trust earlier, as most other top Reagan administration officials have done.

''During my two and a half years as the director of Central Intelligence, I have had a de facto blind trust, and the ethics officers of the CIA and the Office of Government Ethics have both found the arrangements with respect to my investments legal and proper,'' Casey said in a statement released by an agency spokesman.

''Nevertheless, to avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context,'' Casey said.

The agency spokesman said he expected Casey to issue another statement as early as Tuesday.

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In the Senate, Levin said establishment of a blind trust by Casey now, after he has been criticized for failing to do so, ''would not be an admission of poor judgment.''

''It would be an expression of good judgment, a judgment that both he and his agency would be better off if he eliminated the undesirable appearance,'' Levin said.

The senator added that CIA staff members ''could now return to their normal intelligence agency duties instead of spending time screening'' Casey's financial holdings.

EXCERPTED

ASSOCIATED PRESS
18 July 1983

STAT

WASHINGTON
CASEY-STOCK
BY MIKE SHANAHAN

Central Intelligence Agency Director William J. Casey, criticized for trading millions of dollars in stock while seeing the government's most secret economic data, agreed Monday night to put his extensive portfolio into a blind trust.

In a terse statement issued by the CIA, Casey said his current arrangement in which a financial adviser has day-to-day control over the investments amounted to a "de facto blind trust" that had been judged by federal ethics officials to be "legal and proper."

"Nevertheless, to avoid further confusion and misunderstanding, I plan to establish a formal blind trust and to issue a statement putting the matter in a proper context," he said.

Casey's announcement came an hour after Sen. Carl Levin, D-Mich., a critic of the CIA director's handling of his personal finances, said that after talking with Casey, "I believe we can look forward to the prompt and correct conclusion of this matter."

A congressional source, who spoke on condition he not be identified, had said Levin that agreed not to introduce legislation to force Casey to establish a blind trust after Casey promised to take such a step.

Unlike his two CIA predecessors and other top Reagan administration officials with access to the government's most secret worldwide economic data, Casey did not put his extensive stock portfolio into a blind trust or sell some stock as a condition of employment.

Levin had planned to introduce legislation to require Casey to surrender control of his holdings to avoid any appearance of a conflict of interest.

But Levin said he had spoken with Casey twice over the weekend, and now believes no legislation is needed.

In his annual financial disclosure form released in May, Casey reported buying stock last year worth from $1.9 million to $4.5 million while selling stock worth at least $1 million and possibly more than $2.1 million.

Most of Casey's stock transactions occurred as the stock market began to surge forward in mid-August.

A year earlier, Casey reported selling more than $600,000 in oil stocks as a glut developed in world oil markets.

Following last year's disclosure form, the CIA established a "screening arrangement" that required top agency officials to review Casey's transactions to make sure there is no conflict of interest.

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18 July 1983

STAT

Screening Finds No Conflict In C.I.A. Head's Stock Trading

WASHINGTON, July 17 (UPI) — The Central Intelligence Agency's deputy counsel has found no conflict of interest in William J. Casey's stock market dealings last year.

Mr. Casey, as Director of Central Intelligence, has access to secret information about world economic affairs. A financial disclosure report last month showed that he bought and sold as much as $7 million in stocks last year, making many of his investments just as the stock market was making a major advance.

"The information contained in this report discloses no conflicts of interest under applicable laws and regulations," according to a certification issued Friday by Ernest Mayerfeld, the deputy counsel, to the Office of Government Ethics.

UNITED PRESS INTERNATIONAL
16 July 1983

STAT

WASHINGTON
CIA COUNSEL FINDS CASEY DEALINGS CLEAN
BY IRA R. ALLEN

It was not a conflict of interest for CIA Director William Casey to maintain direct control of his stock holdings even though he had access to secret information about world economic affairs, the CIA's deputy counsel says.

Casey's financial disclosure report showed last month he bought and sold as much as $7 million in stocks last year, making many of his investments just as the stock market was making a major advance.

''The information contained in this report discloses no conflicts of interest under applicable laws and regulations,'' according to a certification by Deputy Counsel Ernest Mayerfeld to the Office of Government Ethics issued Friday.

He said he signed the certification, due July 15, on Thursday.

An agency spokesman said Mayerfeld screened each financial transaction ''against the probability that the director had any inside knowledge that might present a conflict of interest.''

The disclosures were reviewed by the ethics office to determine whether Casey had used his government position to profit in the stock market.

Unlike other top officials, Casey has declined to place his holdings in a blind trust to avoid conflicts of interest. Instead, he submits his annual financial report to CIA Deputy Director John McMahon and to Stanley Sporlin, the agency's general counsel and the former head of enforcement for the Securities and Exchange Commission.

The screening began after disclosure in Casey's 1981 statement he had sold more than $600,000 dollars in oil stocks as supplies began to become plentiful and prices dropped.

After a four-month investigation in 1981, the Senate Intelligence Committee found no basis for concluding Casey was unfit to hold his office.

The Committee did criticize Casey for his inattention to detail in failing to report past business dealings.

ARTICLE APPEARED
ON PAGE A-9

WASHINGTON POST
16 July 1983

STAT

CIA Lawyer Finds No Casey Conflict

United Press International

CIA Director William J. Casey had no conflict of interest between his extensive stock dealings and his secret information about world economic affairs, the agency's deputy counsel said yesterday.

Casey's financial disclosure report last month showed that he bought and sold as much as $7 million in stocks last year, making many of his investments just as the stock market was making a major advance.

"The information contained in this report discloses no conflicts of interest under applicable laws and regulations," according to a certification by deputy counsel Ernest Mayerfeld to the Office of Government Ethics.

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[redacted]

8 July 1983

Statement to be given to media when inquiries/requests are made:

DCI not available for interviews He has said all he has to say in a letter to Congressman Albosta and a memorandum to White House Counsel Fred Fielding, both released by the White House, and in statements quoted in The New York Times story of Wednesday, 6 July. Any further information will be provided to authorities looking into the matter.

STAT

[redacted]

30 June 1983

Mr. Casey has authorized me to state that he intends to cooperate fully with Congressman Albosta, to include appearing at hearings if requested.

24 June 1983

Mr. Casey has authorized release of this statement:

Mr. Casey's comments in his letter to Congressman Albosta may be extended to mean any kind of inside-the-Carter-campaign material.

Mr. Casey neither directed nor had any inside knowledge of the use of or any effort to acquire any kind of Carter campaign material not otherwise publicly available.